

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



Interim Results Presentation
for the six months ending 30 September 2018

AGENDA



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Introduction

Laurence Rapp

Profile

Who we are

- ▷ High quality, low risk, **Retail REIT** in South Africa with growing **international exposure in Spain**
- ▷ Strong **operational focus** with a core competence in **active asset management**
- ▷ Aim for **simplicity** and **transparency**
- ▷ Clarity of **vision, strategy** and **structure**
- ▷ Prudent **financial management** and strong **capital markets expertise**
- ▷ **Entrepreneurial approach** to deal making
- ▷ Strong focus on **governance** and **leadership**
- ▷ History of strong compounded growth and shareholder returns with **CAGR of 20.8%** since listing
- ▷ **50%** of assets now focused on Spain and UK
- ▷ Vukile listed on the **JSE and NSX** and subsidiary **Castellana** listed on the **MAB**

Six months under review

- ▷ **7.5% increase** in dividends in line with guidance to 78.1 cents per share
- ▷ **Gathering significant momentum in Spain**
 - Investment properties increased to c.€900 million from €308 million following the acquisition of 5 dominant shopping centres
 - Castellana* listed on the junior board in Madrid on 25 July 2018
 - Positive benefits of diversification with a solid pipeline of opportunities
- ▷ **Impressive Asset Management result from Castellana**
 - 11 retail parks acquired in June 2017 now fully let post yield enhancing asset management initiatives
 - Organic growth in the value of investment properties of 8.8% relative to the acquisition price
 - Full strength, experienced team now in place
- ▷ **Solid operating performance in southern Africa**
 - Like to like net income growth of 5.1%
 - Retail reversions still positive at +4.3% in difficult trading conditions
 - Retail vacancies maintained at 3.4% with 87% tenant retention
 - Portfolio rent to sales ratio remains ahead of industry averages
- ▷ **Strong capital market support**
 - Gearing at 38% with 94% of debt hedged
 - Corporate long-term credit rating upgraded to A+_(ZA)
 - Raised R1.6 billion new equity in over-subscribed book-build in July 2018
 - Raised R825 million in DMTN programme

* Castellana Properties SOCIMI S.A, a 97.5% held Spanish subsidiary of the Vukile Group

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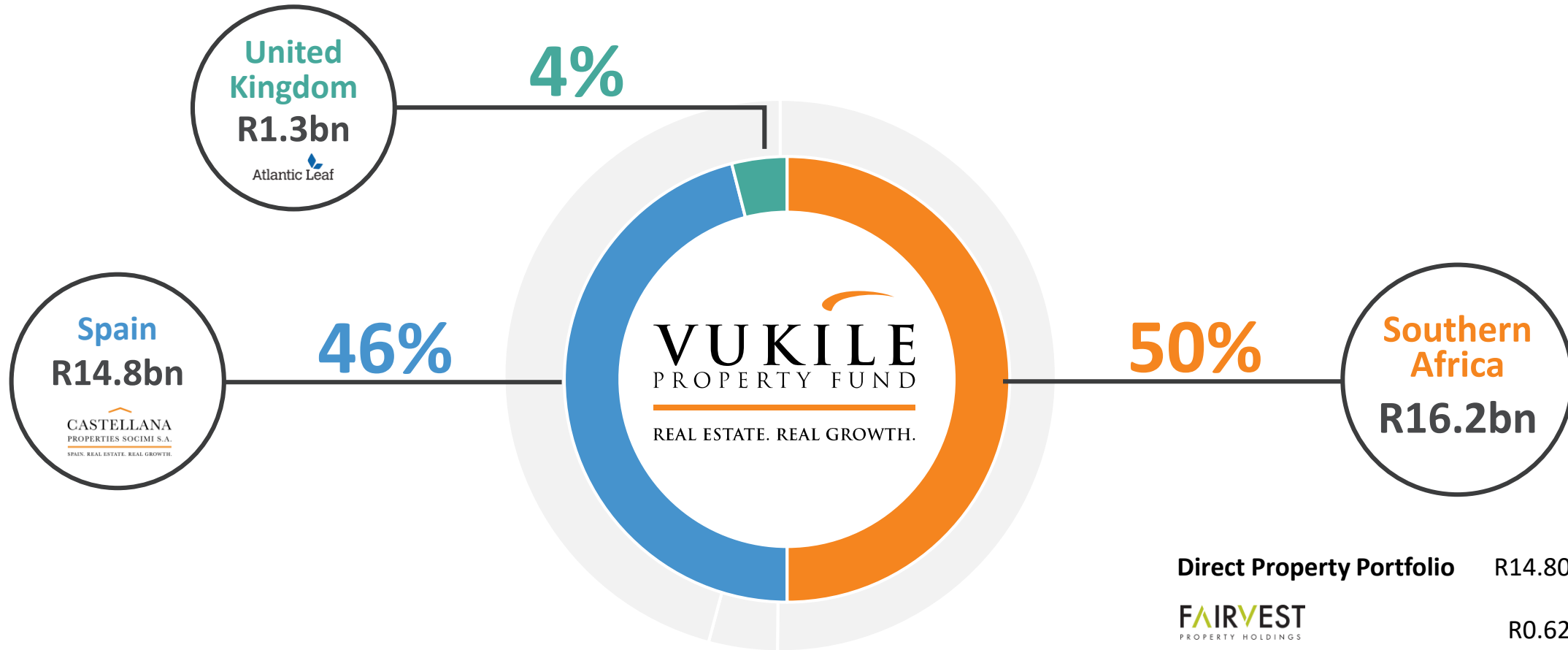
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Group Overview - Total property assets of R32.3bn

Well diversified exposure across macro economic drivers



Spain
R14.8bn

CASTELLANA
PROPERTIES SOCIMI S.A.
SPAIN. REAL ESTATE. REAL GROWTH.

United Kingdom
R1.3bn

Atlantic Leaf

Southern Africa
R16.2bn

Direct Property Portfolio	R14.80 bn
FAIRVEST PROPERTY HOLDINGS	R0.62 bn
GEMGROW PROPERTIES	R0.78 bn

EURZAR spot rate of 16.4069
GBPZAR spot rate of 18.4125

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Clarity of vision and strategic intent

Focus on capital allocation and strategic consistency

Southern Africa

- ▶ Continued focus on defensive retail sector in line with our high-quality low risk portfolio
- ▶ Identify further investment opportunities in our existing portfolio through expansions and upgrades
- ▶ Strong operational focus to keep delivering solid results with a specific intent to further reduce vacancies
- ▶ Increased focus on consumer analytics and alternative income streams starting to gain traction
- ▶ Appetite to invest further in South Africa but limited local acquisition prospects at the right price
- ▶ Look to recycle assets and investments where appropriate without harming earnings momentum
- ▶ Retain an opportunistic and entrepreneurial approach to deal-making but always to be strategically consistent with our retail focus and driven by long term fundamentals

Spain

- ▶ Castellana – Morzal deal complete with Morzal now a 100% held subsidiary of Castellana
- ▶ Drive home the advantage we have created in Castellana through scale, on-the-ground presence and operational capabilities
- ▶ Continue identifying and delivering on value add opportunities through active asset management
- ▶ Enlarged, experienced management team in place allowing the business to both mature following its start up phase and pursue new growth opportunities
- ▶ Very healthy pipeline of organic growth opportunities allied to our existing assets
- ▶ Good deal flow of new acquisitions
- ▶ Already the 9th largest SOCIMI in Spain
- ▶ Continue building scale and structure to move to the main board when time is appropriate

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Southern African Retail Portfolio Overview

Ina Lopion

Key retail portfolio metrics

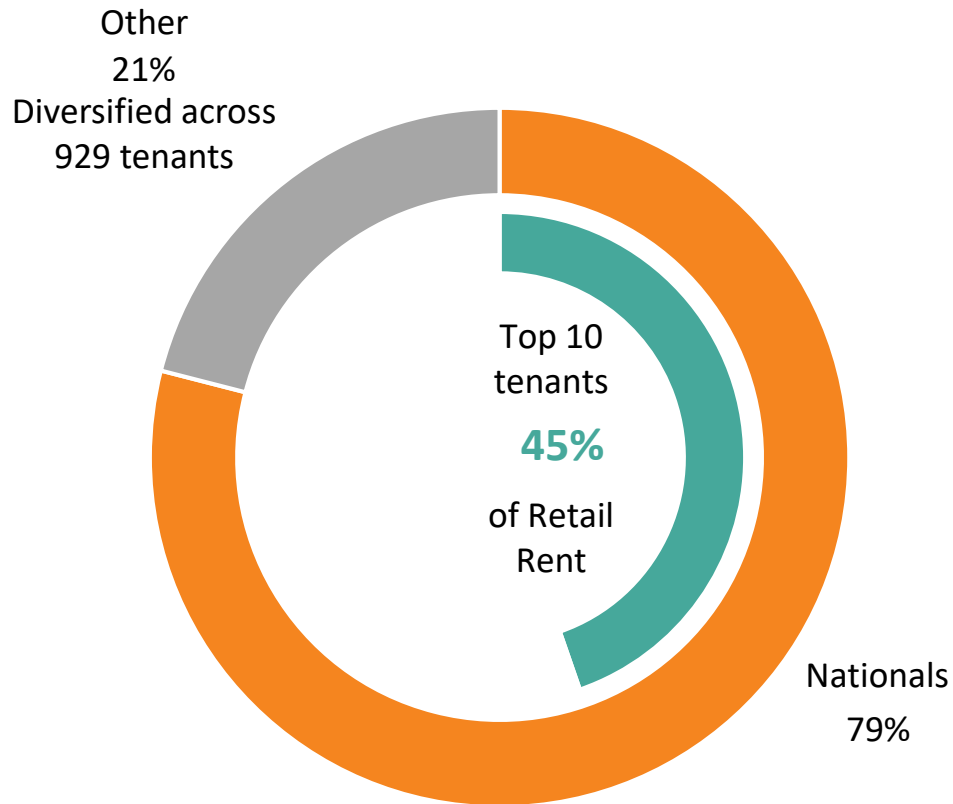
Direct Southern African Retail Portfolio

- ▷ Value **R13.3bn** (91% of direct Southern African portfolio)
- ▷ **45** Properties
- ▷ GLA **812 058m²**
- ▷ Average asset value **R295mn**
- ▷ Average discount rate **13.6%**
- ▷ Average exit capitalisation rate **8.4%**
- ▷ Vacant rent maintained at **3.4%**
- ▷ **82%** of retail space let to national tenants
- ▷ Top 10 tenants make up **45%** of income
- ▷ WALE increased to **4.0 years**
- ▷ Tenant Retention **87%**
- ▷ Average base rentals **R132.66/m²/month**
- ▷ Contractual rental escalation **7.1%**
- ▷ Rent reversions **+4.3%**
- ▷ Portfolio rent to sales ratio **6.0%**
- ▷ Average annualised trading density **R28 022/m²**
- ▷ Net cost ratio **17.2%**

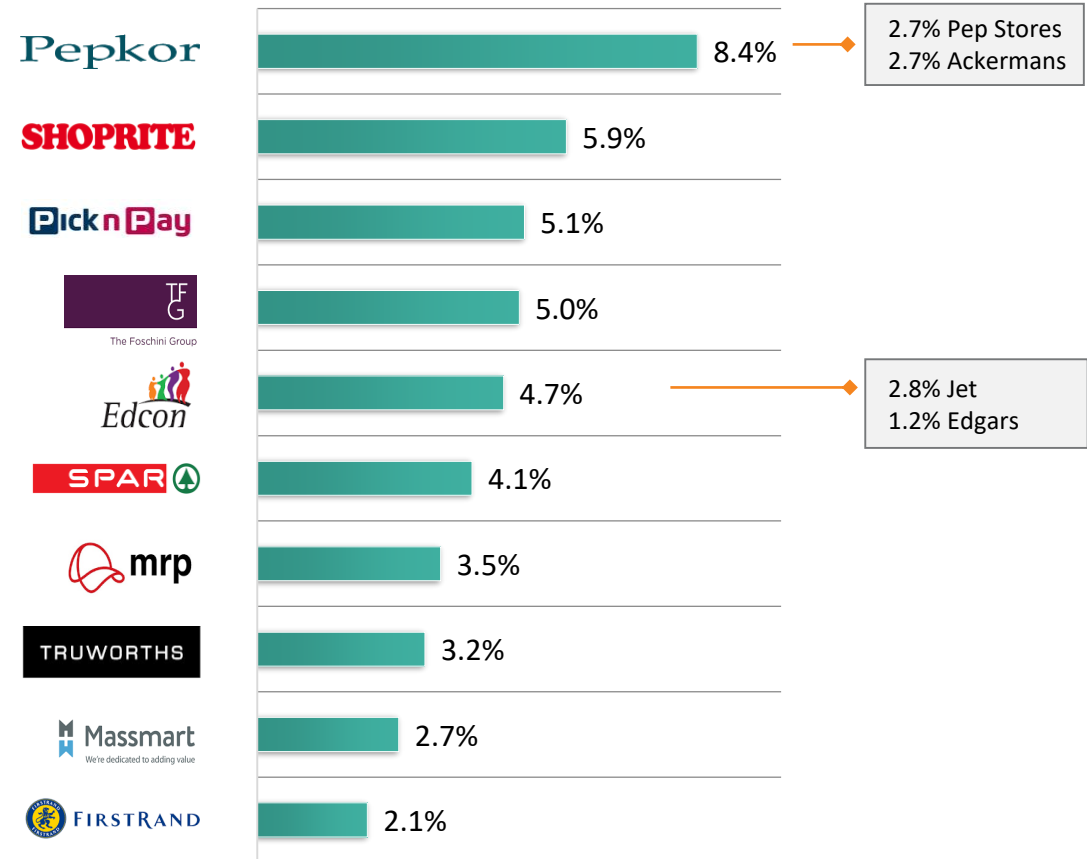
Retail tenant exposure

Low risk with c.80% national tenants

Tenant profile - by contractual rent



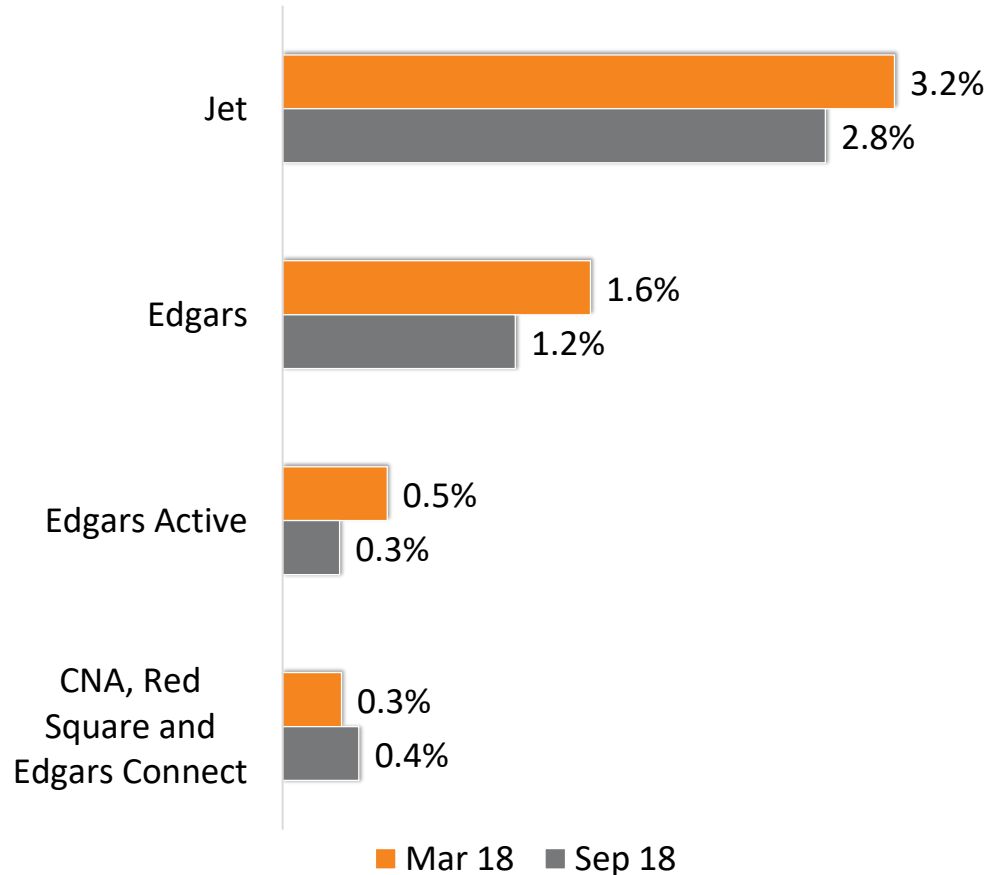
Top 10 tenants by rent



Edcon exposure

Actively managed

Retail Rental exposure reduced from 5.7% to 4.7%

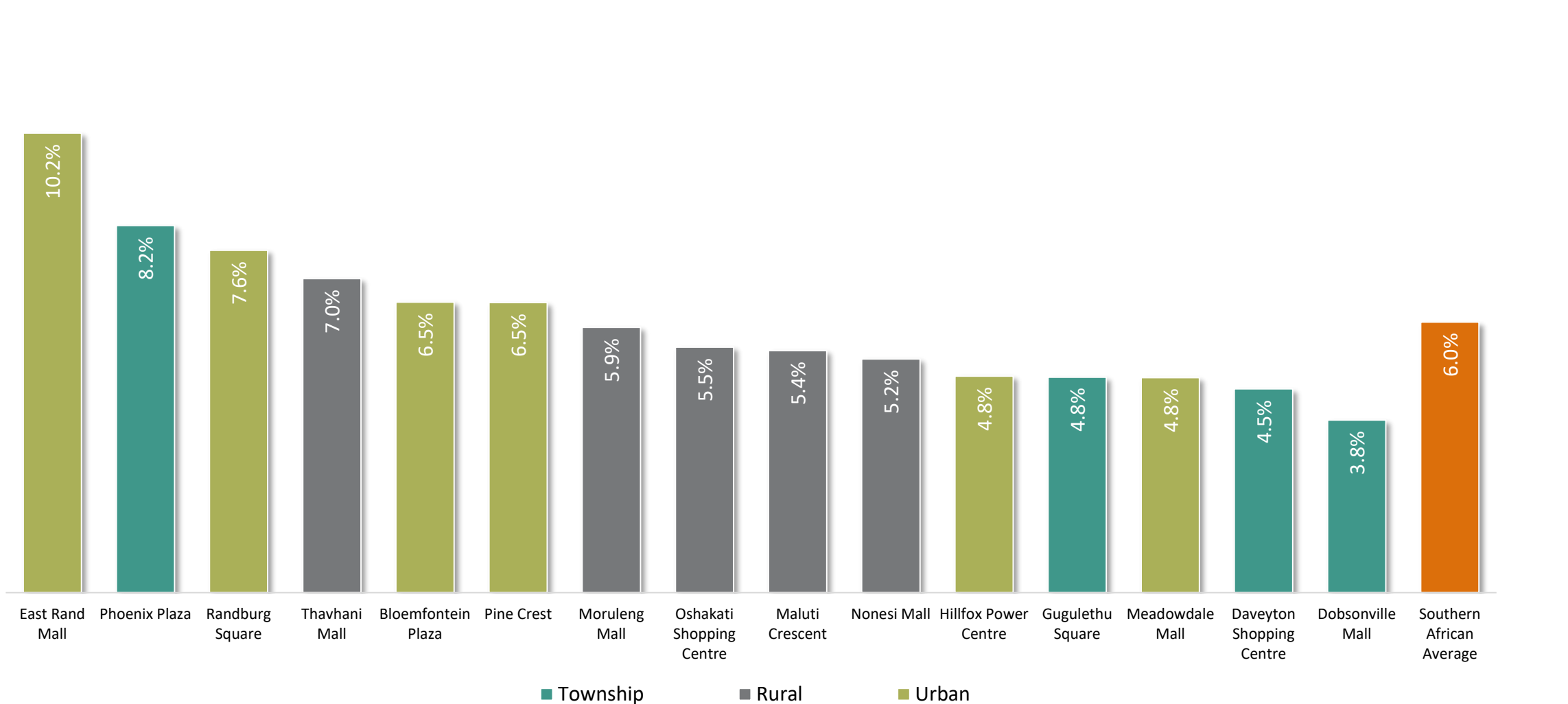


Area reduced by c. 5,000m²

- Of the c. 5 000m² vacated by Edcon, 65% has been let at an average rate of R129/m² relative to the Edcon rental average of R84/m², in advanced negotiations on the remainder
- In conjunction with Edcon continuously reviewing bottom performing stores to optimise use of space and better service customers in the respective shopping centres
- Continue to critically assess our exposure to the tenant and manage proactively over time

Rent-to-sales ratio for Top 15 properties

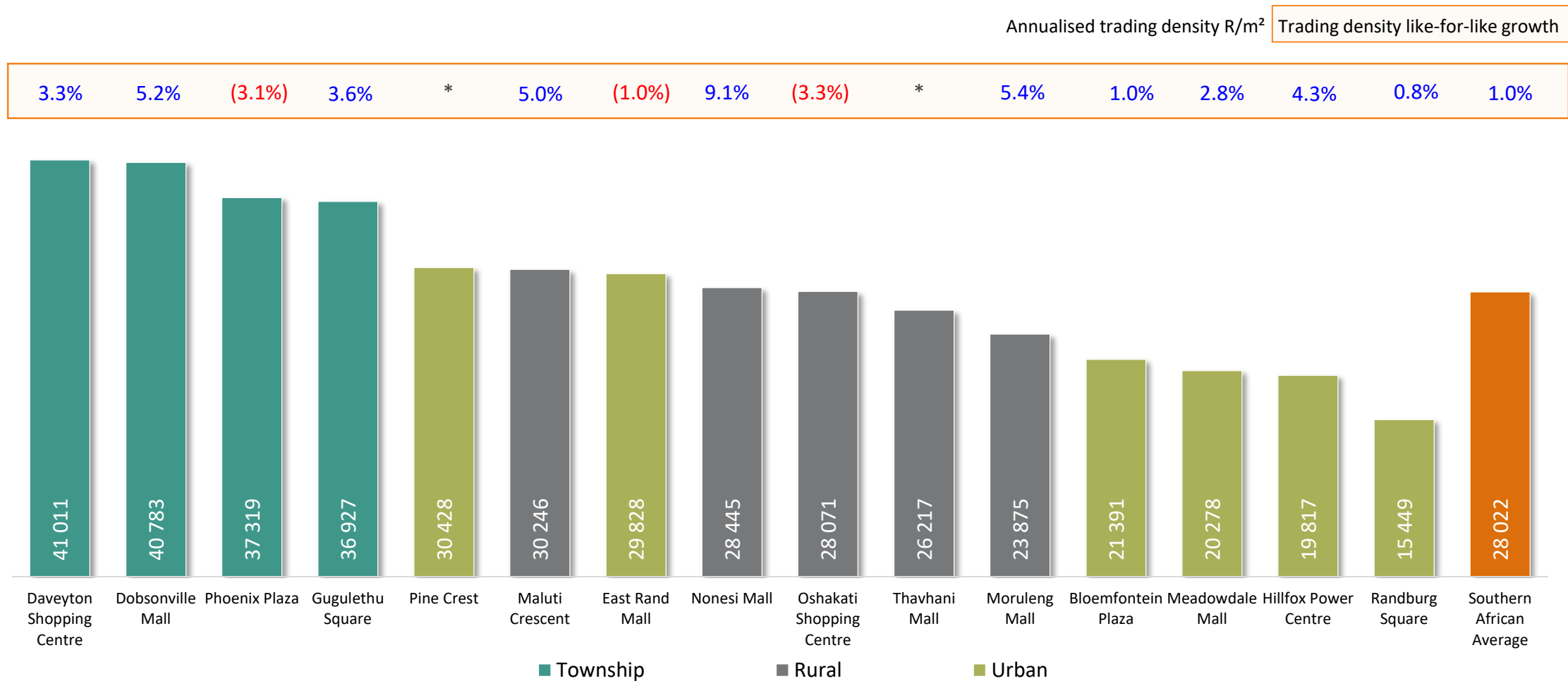
Ahead of industry benchmarks



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Retail portfolio trading statistics for Top 15 properties

High trading density with solid growth ahead of market comparable of 0.2%~



Note: Annualised trading density calculated using monthly trading density over 12 months. Trading density like-for-like growth calculated on stable tenants.

* Trading density like-for-like growth excludes Pine Crest and Thavhani Mall as recent developments/refurbishments.

~ SAPOA Retail Trends Report Sep 18

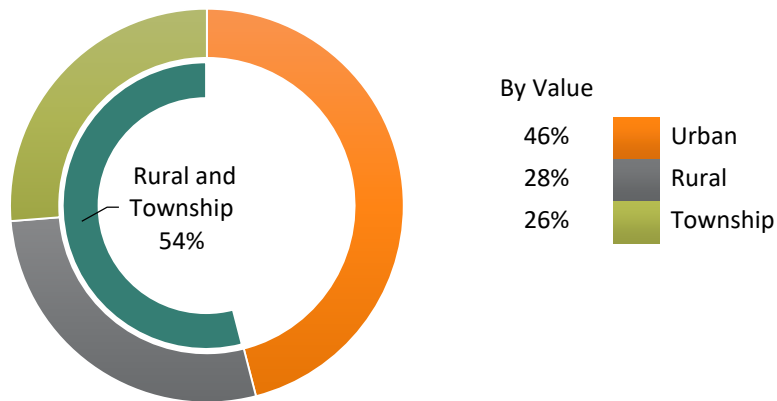
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Portfolio diversification geared for sustained growth

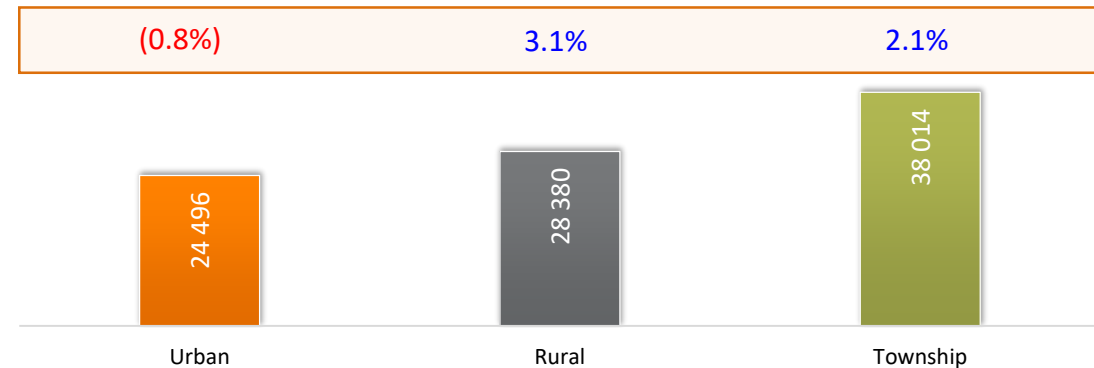
Segment Focus

- ▶ Rural and township and centres that account for 54% of the portfolio showed a year on year trading density growth of 2.6% relative to SAPOA average of 0.2%
- ▶ The low rent to sales ratio of 5.2% in the rural and township centres creates an opportunity for further rental growth in these sectors. We remain bullish on the future prospects and growth in this segment of the market
- ▶ Overall rent to sales increased year on year by marginal 10bps compared to the market increase of 50bps. This illustrates the stability and strong relative performance of the retail portfolio
- ▶ Rural and township centres are seeing an increase in diversity of the tenant mix through the introduction of strong second tier privately owned national tenants. This, coupled with the trend of decreasing store sizes, creates an opportunity for higher net rental and a diversified tenant offering

Segmental Profile - by Value



Segmental Profile – Trading Statistics

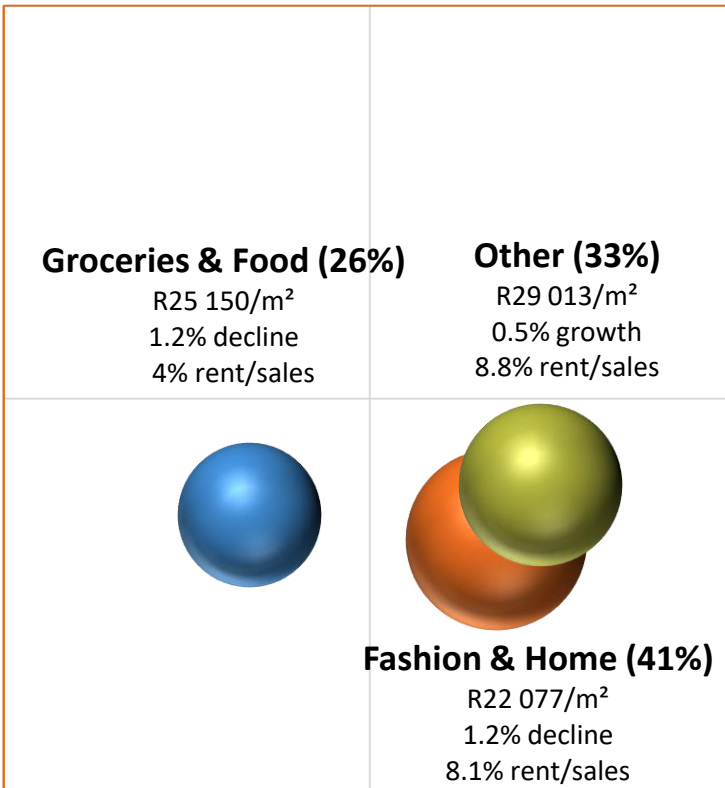


Retail densities

Township and Rural centres outperforming Urban centres

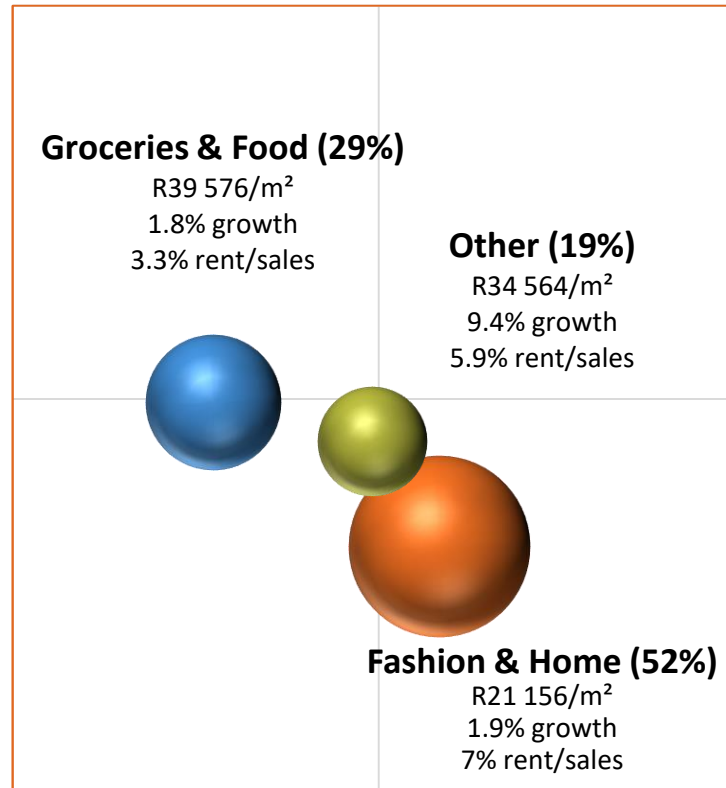
Urban (46%)

R24 496/m²
0.8% decline
7.1% rent/sales



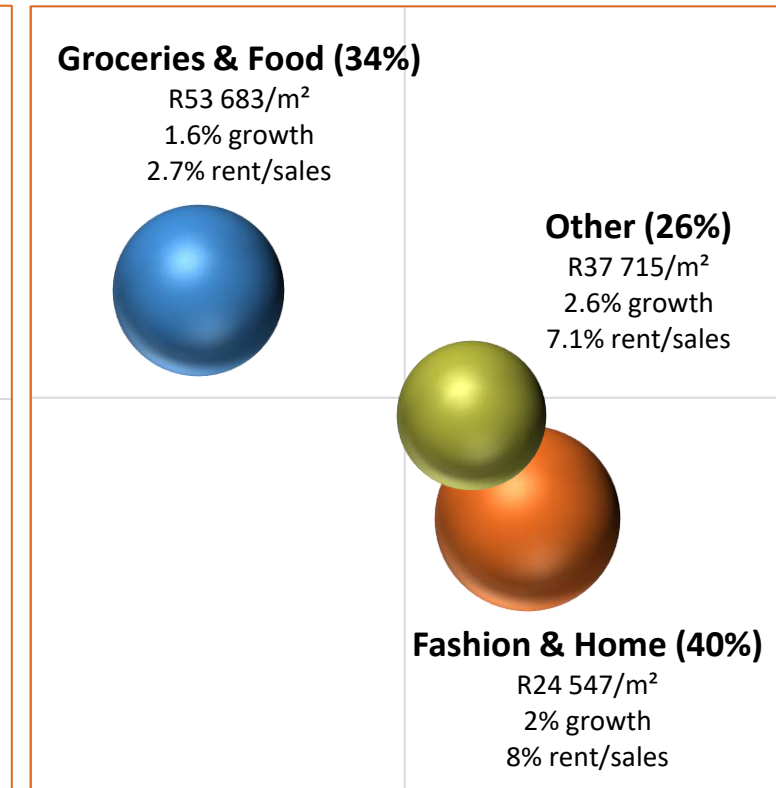
Rural (28%)

R28 380/m²
3.1% growth
5.3% rent/sales



Township (26%)

R38 014/m²
2.1% growth
5.0% rent/sales



A high quality low risk retail portfolio

Interrelationship of key retail metrics



Recent acquisitions - Kolonnade Retail Park

Small Regional Shopping Centre of 39 450m² acquired in November 2018

- ▷ Purchase price of R470.6 million
- ▷ Expected to be yield neutral in year 1
- ▷ Purchase price settled through issue of shares to vendor at R20.56
- ▷ The centre is conveniently situated 2.5km from the N1 Highway, on the corner of Sefako Makgatho Drive and Enkeldoorn Avenue
- ▷ Currently fully let with an average outstanding lease expiry of 3.7 years
- ▷ National tenant component of 88% with the largest tenants being Pick 'n Pay Hyper, West Pack Lifestyle, Virgin Active and Mr Price Home/Sport
- ▷ The average annualised trading density is R23 500/m²
- ▷ Average gross rent to sales ratio of 8.0%
- ▷ Average monthly vehicle count c.180 000



Extension and upgrade

Pine Crest Shopping Centre, Pinetown, KZN

- ▶ Upgrading the existing centre, which has an average monthly footfall of 940 000 customers, and expanding the total GLA from 40 086m² to 45 190m²
- ▶ A new entrance off the very busy Kings Road serving a new mall, an upgraded food court, an improved tenant mix and a rebranding exercise planned and executed by Totem, an award winning international shopping centre consultancy firm, form part of the project
- ▶ Strong tenant interest with some of the bigger nationals signed to date including HiFi Corporation, Spur, Old Mutual, Roots, Galaxy Bingo and OK Furniture



Location	Additional GLA
Pinetown, KZN	5 104m ²
Commencement Date	Total Capex
April 2018	R200m (Maintenance included)
Completion Date	Projected Yield on Capex
May 2019	7.4%

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Redevelopment in progress

Maluti Crescent, Phuthaditjhaba

- ▷ Modern, enclosed state of the art centre that will dominate a very strong catchment area
- ▷ Pick n Pay has signed as the second food anchor which will, together with the existing Super Spar, greatly enhance the food offering
- ▷ Strong tenant interest with additional GLA being 90% let to nationals
- ▷ The completion date is April 2019, but the new mezzanine parking will be opened on 29 November 2018, while the new under cover taxi rank will be handed over to the local taxi association on the same date. A number of new shops facing onto these areas will also start trading then



Location	Current GLA
Phuthaditjhaba, FS	21 680m ²
Additional GLA	Total Capex
12 357m ²	R392mn
Commencement Date	Projected Yield on Capex
September 2017	8.1%
Completion Date	Letting
April 2019	90% committed by nationals

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Positive returns from sustainable energy

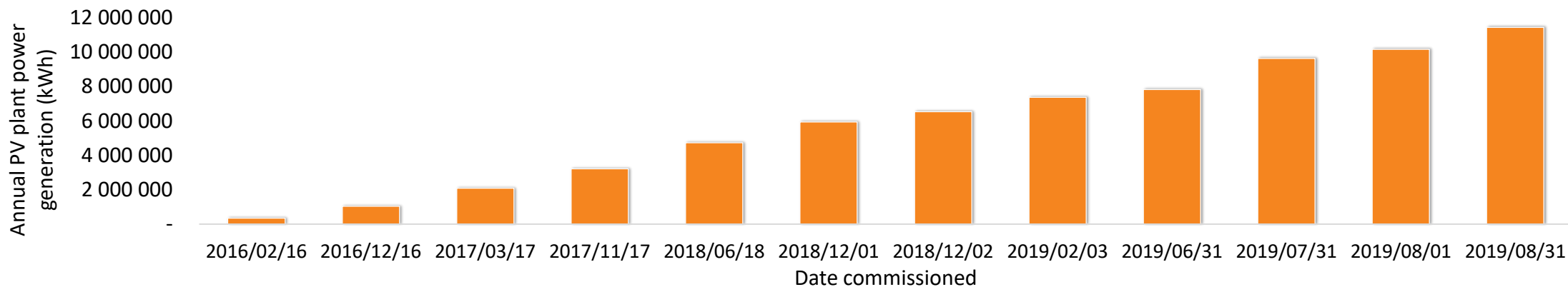
Achievements for 2019FY:

- ▷ Total installed PV capacity to date: 3.618 MWp
– Annual savings of 5.9 Million kWh
- ▷ PV projects in process: 2.1 MWp
- ▷ Optimised utility billing and recoveries: R2.6 Million
- ▷ Approved water backup solutions: 180 KI

Targets and strategy for 2020FY:

- ▷ Energy savings of a further 1.6 Million kWh
- ▷ Increasing PV capacity with 2 MWp in FY2020
- ▷ Water recovery improvements of R 1 Million
- ▷ Implement alternative water sources or water backup systems at 17 Shopping centres

Annual generated kWh from renewables



Alternative Income Management

Gathering momentum

- ▶ **27 Malls** have **live Fibre to the business** connections, remainder of 35 Malls to be completed by mid December 2018
- ▶ 2 Malls have been earmarked for **Wi-Fi and Shopper App Proof of Concept**
- ▶ **Free Wi-Fi to be deployed at 20 malls** to build our shopper database, **attract shoppers and increase share of wallet**
- ▶ **Shopper Club with a Rewards Programme** currently in final design stages to drive shopper loyalty, personal offers and rewards
- ▶ **Unlock value** for tenants from our **consumer behaviour insights reports**
- ▶ Tenants are able to **increase their brand exposure** directly via the Shopper Club App and have **integrated advertising campaigns** across all mall media
- ▶ **National advertising campaigns** can run across malls
- ▶ **22 Mall websites** have been created or upgraded
- ▶ **23 Mall Social Media sites (Facebook)** have been created
- ▶ **Advertising income** will be derived from these online interfaces
- ▶ All contracts (**In-Mall, Outdoor, Digital, Static Media and Rooftop/Telecomms**) will be loaded on Media Metrics system to monitor performance against targets

* Centres with cumulative GLA of c.0.5mn m² with monthly foot-traffic of c.11mn

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Spanish Portfolio Overview

Alfonso Brunet

Operational Highlights

Growing retail Socimi in Spain

- ▷ Portfolio delivering **solid growth in GAV**
 - Like for like growth of c.9% in GAV relative to acquisition price
- ▷ **Active asset management** is bearing results across the portfolio
 - AM team actively **reducing vacancies across the portfolio** (Kinopolis leisure centre, Alameda & Villanueva)
 - Value add projects have resulted in **increased rentals and values**
 - Kinopolis Leisure Centre redevelopment project **99.5% let** ahead of completion
- ▷ Addition of Project West portfolio has **significantly improved portfolio metrics**
 - Improved tenant mix, category mix, average rentals and average asset size across portfolio
- ▷ Appointed **new CFO** and increased headcount
 - Debora Santamaria – former CFO of Axiare Socimi appointed in October
 - **Increased headcount** to 21 people after acquisition of Unibail-Rodamco Westfield portfolio
- ▷ Castellana **listed on the MAB** alternative exchange at end July 2018
- ▷ All data presented is on a **consolidated Castellana/Morzal** basis
 - Consolidation of Morzal as a 100% held subsidiary of Castellana effective 27 November 2018

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Key portfolio metrics

A low-risk defensive portfolio as a platform for future growth

- ▷ Value **€898.0mn (97% Retail)**
- ▷ **19** Properties
- ▷ GLA **318 622m²**
- ▷ Average asset value **€47m**
- ▷ Average discount rate **8.6%**
- ▷ Average exit capitalisation rate **6.0%**
- ▷ **1.8%** Vacant
- ▷ **93%** of retail space let to national tenants
- ▷ **30%** of income from top 10 tenants
- ▷ WALE of **14.8 years ~**
- ▷ Average base rentals **€13.96/m²/month**
- ▷ **99.3%** rent collection rate

~ Excludes lease breaks

Note: All data represents 100% of Castellana, Vukile shareholding is 98.7%

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Update on Spanish economy and political environment

Spanish economy has stable outlook

Indicator	Forecast 2018	Forecast 2019
Spain GDP Growth	2.70%	2.30%
<i>EU GDP Growth</i>	<i>2.00%</i>	<i>1.90%</i>
Household Consumption	2.30%	1.90%
CPI	1.70%	1.60%
Unemployment	15.30%	13.70%

Source: INE, IMF

Tourism & Politics

- ▷ No decisive majority in Parliament but **stable economic position** due to adhering to previously approved budget
 - Likely to have **election by 2020 at the latest**, but possibly earlier
- ▷ Cataluña – **significantly reduced risk** of independence, issue has passed
- ▷ Spain bond yields have **decoupled from Italy**
- ▷ Spain continues to be a **top tourism destination**:
 - Still among the top 3 tourism destinations in the world with **78 million visitors annually**

Retail Market Overview

- ▷ National retail sales declined -0.9% (YTD Sep 2018)
- ▷ E-Commerce
 - Remains at **5% of total sales in Spain**, still significantly lower than other countries like the UK, Germany and France
- ▷ National footfall increased by 3.4% (YTD Oct 2018)
- ▷ Investment market still showing vibrant activity
 - On the way to another outstanding year (**€2.5 bn in retail park and shopping centre transactions forecasted to close**)

Asset Management interventions

Additional €1.2m added to Net Operating Income

Asset	Project	GLA signed (m ²)	Additional Annualised NOI (€)	% Increase in base rentals
Parque Oeste Alcorcón	Split Worten box and introduce new tenant	843	43 278	6.55%
Huelva	Split C&A box and introduce new tenant	150	15 984	5.86%
Motril	Split Worten box, let vacancy and add new tenant	1 639	23 066	5.21%
Kinépolis LC	Redevelopment	2 678	552 266	60.89%
Kinépolis RP	Split Media Markt box and introduce new tenant	1 230	4 998	0.82%
Villanueva	Split Electrocasas box and introduce new tenant	2 172	151 994	59.45%
Alameda	Let vacancy	1 946	201 322	100.00%
Habaneras	Let vacancy	691	208 924	100.00%
TOTAL		11 350	1 201 832	37.55%

- ▶ Asset management team have systematically reduced vacant space and split/re-let larger boxes at increased rentals to add additional NOI to the portfolio
- ▶ Additional net operating income of €1.2mn will add an approximate €20mn of value to the portfolio
- ▶ Proving the business case for active asset management especially when buying from Funds who generally under manage their assets

Asset Management interventions

New Ikea unit – Habaneras Shopping Centre



Habaneras
SHOPPING CENTER

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Asset Management interventions

New Espacio Casa unit – Parque Oeste Alcorcon



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Spanish vacancy profile

11 Properties acquired in June 2017 now fully let



**Portfolio
Vacancy
1.8% of
GLA**



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Redevelopment project

Kinopolis Leisure Centre

- Upgrade of interior with improved finishes and increased natural light with new acoustic ceiling installed
- Customized high-visibility children's playground almost complete which will attract families and increase dwell time
- Outdoor terraces opened to benefit from good weather in region
- Improvement of existing green areas and upgrade of external plaza underway



Location	Redeveloped GLA
Granada	7 967m ²
Key Tenants	Total Capex
Burger King, Muerde la Pasta, Kiwoko, Ozone	€5.5mn (including integration)
Commencement Date	Projected Yield on Capex
October 2017	10.0%
Completion Date	Pre-Let
March 2019	97.3%*

*includes leases signed post 30th September 2018

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Portfolio Value

Significant like-for-like value growth in acquisitions over time

Transaction	Acquisition Price (€)*	External Valuation Dec 2017(€)	% Increase on acquisition price	External Valuation Mar 18 (€)	% Increase on acquisition price	External Valuation Sep 18 (€)	% Increase on acquisition price
Retail Park Portfolio (July 2017)	193 000	212 270	9.98%	215 360	11.59%	223 610	15.86%
Alameda (December 2017)	65 311	66 310	1.53%	66 940	2.49%	71 310	9.19%
Konecta	24 780	25 560	3.15%	25 750	3.91%	26 140	5.49%
Habaneras	80 627			82 500	2.32%	85 200	5.67%
URW Portfolio	461 447					491 700	6.56%
TOTAL	825 165	304 140	7.44%	390 550	7.38%	897 960	8.82%

- ▷ Increase in value due to
 - Buying well
 - Value added asset management

*excluding transaction costs

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Habaneras Shopping Centre

- ▷ Castellana finalised the acquisition of Habaneras Shopping Centre, located in Torrevieja, Alicante, Spain, in May 2018
- ▷ The centre is a 24,158m² open-air shopping centre comprising of 70 tenants
- ▷ Anchor tenants include Inditex, C&A and AKI
- ▷ Habaneras sits within greater 60,000m² retail node anchored by Carrefour, Lidl and IMF cinemas
- ▷ Castellana has already let a large portion of original vacancy in the centre by bringing new occupiers (Ikea, Marvimundo) into the centre



Location	GLA
Torrevieja	24 158m ²
Annual Footfall	Fair Value
4.0 mn	€85.2mn
Average base monthly rent	WAULT
€17.80/m ² per month	4.60 years to break
National Tenant Component	Occupancy
92%	95.8%

Acquisition

El Faro, Badajoz

- ▷ El Faro Shopping Centre is located in Badajoz, in the east of Spain, less than 5 km from the Portugal border
- ▷ The centre is 66 422m² of which 43 423m² was acquired, comprising 110 tenants
- ▷ Anchor tenants include Inditex, Media Markt, and Primark
- ▷ El Faro is anchored by Hipercor and El Corte Ingles, both of which are owner occupied
- ▷ The centre is dominant in its catchment area and attracts shoppers from both Badajoz and surrounding towns and Portuguese towns across the border



Location	GLA
Badajoz	43 423m ²
Annual Footfall	Fair Value
6.7 mn	€161.5mn
Average base monthly rent	WAULT
€16.63/m ² per month	5.0 years to next break
National Tenant Component	Occupancy
91%	97.6%

- ▷ Bahia Sur Shopping Centre is located in San Fernando, Bahia de Cadiz, adjacent to San Fernando train station, accessible from Madrid (4hrs)
- ▷ The centre is 56 500m² of which 24 760m² was acquired, comprising 117 tenants
- ▷ Anchor tenants include Inditex, H&M & El Corte Ingles
- ▷ Bahia Sur is anchored by Carrefour & El Corte Ingles
- ▷ The centre is dominant in its catchment area due to its strategic location close to public transport and integrated with other public facilities



Location	GLA
San Fernando, Bahia de Cadiz	24 760m ²
Annual Footfall	Fair Value
6.90 mn	€119.5 mn
Average base monthly rent	WAULT
€25.36/m ² per month	3.8 years to next break
National Tenant Component	Occupancy
88%	98.1%

Acquisition

Los Arcos, Seville

- ▷ Los Arcos Shopping Centre is located in eastern side of Seville, Andalusia.
- ▷ Seville is the 4th largest city in Spain and a major tourist hub (3.5 million visitors annually)
- ▷ The centre is 43 500m² of which 17 906m² was acquired, comprising 97 tenants.
- ▷ Anchor tenants include Inditex, Toys r Us & Kiabi
- ▷ Los Arcos is anchored by Hipercor (tenant owned)
- ▷ Los Arcos benefits from its strategic inner city location in Seville



Location	GLA
Seville	17 906m ²
Annual Footfall	Fair Value
6.70 mn	€114.3 mn
Average base monthly rent	WAULT
€32.28/m ² per month	4.3 years to next break
National Tenant Component	Occupancy
89%	94.3%

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Acquisition

Vallsur, Valladolid

- ▷ Vallsur Shopping Centre is located in the centre of Valladolid.
- ▷ Valladolid is the capital of the Castilla Leon region and is accessible by high speed train from Madrid (1 hour)
- ▷ The centre is 35 769m² in total, of which 35 211m² was acquired
- ▷ Anchor tenants include Inditex, Carrefour, Yelmo Cinemas
- ▷ The centre caters to the inner city of Valladolid and presents opportunities to reposition tenant mix with more leisure and food and beverage offerings



Location	GLA
Valladolid	35 211m ²
Annual Footfall	Fair Value
5.5 mn	€96.4 mn
Average base monthly rent	WAULT
€14.17/m ² per month	4.1 years to next break
National Tenant Component	Occupancy
92%	97.1%

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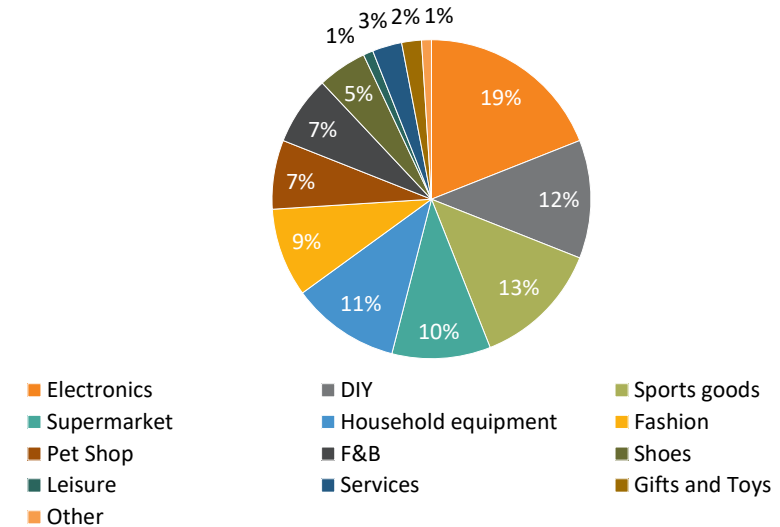
Portfolio Metrics

Pre and post Acquisitions

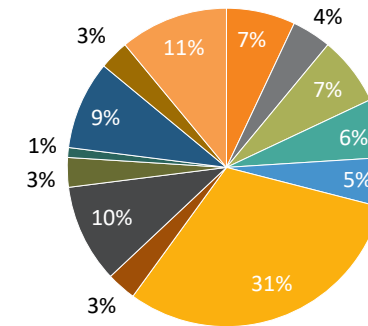
	Portfolio as at 31 Mar 2018
Gross Asset Value	€308m
Gross Lettable Area	172 974m ²
Vacancy	2.9%
Average Asset Value	€24mn
Average Rent/m ² /month	€9.22
WAULT Exp/Break (by GLA)	18.6yrs/5.0yrs
National Tenant (% rent)	94%
Top 5 Tenants (% rent)	Media Markt (11.0%)
	Konecta (10.0%)
	Aki (7.0%)
	Sprinter (6.0%)
	Mercadona (6.0%)

Pro-forma consolidated Portfolio as at 30 Sep 2018
€898m
318 622m ²
1.8%
€47mn
€13.96
14.8yrs/4.9yrs
91%
Media Markt (4.3%)
ZARA (4.0%)
Konecta (3.6%)
Bricor (3.5%)
Carrefour (3.0%)

31 March 2018 tenant mix by rent



30 September 2018 tenant mix by rent



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Upcoming Operational Plans

Driving value through hands-on asset management

▷ Asset Management Focus Areas

- *Retail Parks*: Additional **unit split** projects and enhancing **non-GLA income**
- *Granaita*: Completion of integration works and relaunch of **repositioned integrated retail node in March 2019**
- *Habaneras*: Inditex brand resizing project, and 2nd floor repositioning to **increase restaurants and leisure component**
- *URW Portfolio*: Finalising business plans to **add value/reposition assets** including evaluating the purchase of tenant-owned boxes within the centres

▷ Marketing

- New Shopping Centre Apps to enhance the **online and offline customer journey** and experience
- New Shopping Centre **loyalty programs**
- Introduce more **dynamic marketing** plans
- **New** web design and corporate communication plan

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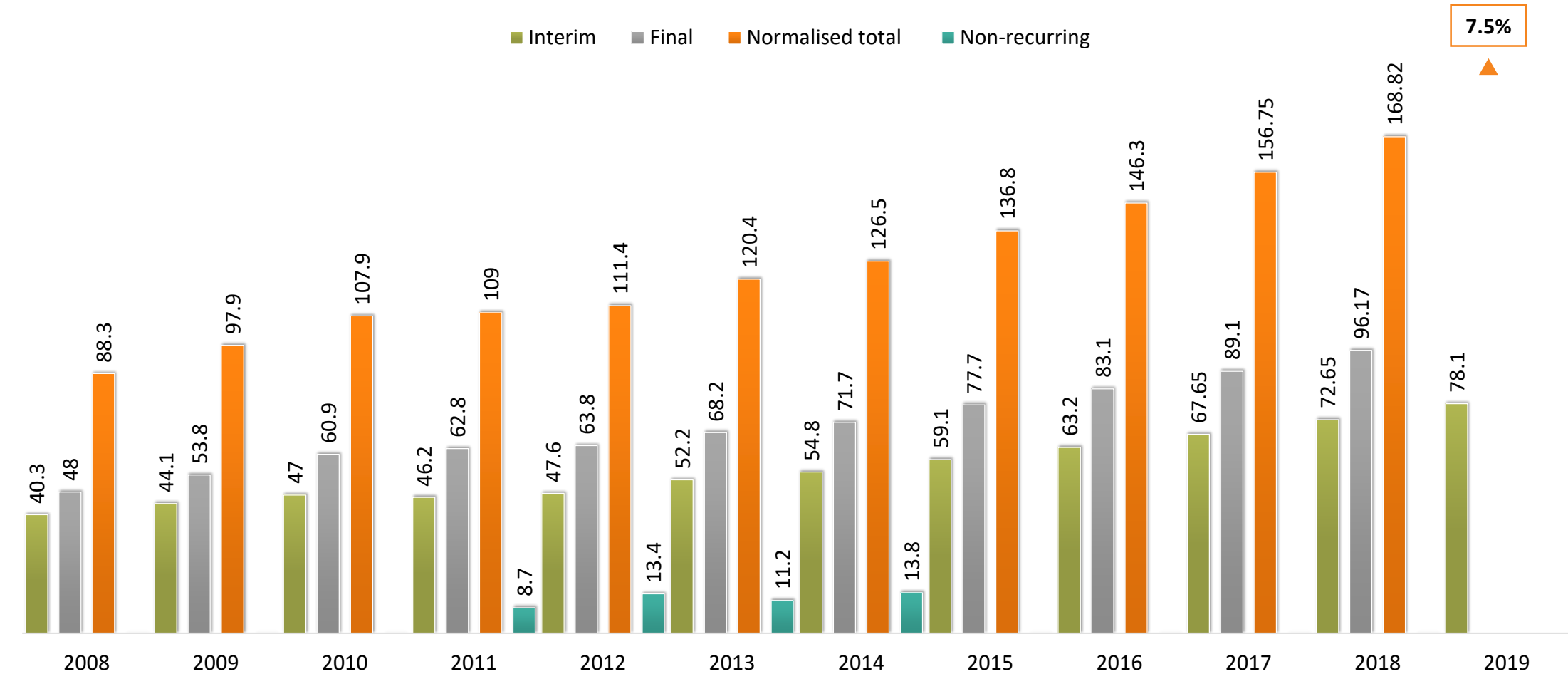
Financial Performance

Mike Potts

Distribution history

Continuing 15 year trend of unbroken growth in dividends

Cents per share



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Extract from income statement – Segmental report

R714mn distributable income for H1 FY2019

	Sep-18 R'000	Sep-17 R'000	Variance %
Property Revenue	1 030 393	728 594	41.4
Property Expenses	(216 850)	(125 730)	(72.5)
Net profit from property operations	813 543	602 864	34.9
Corporate administration expenses	(96 588)	(56 801)	(70.0)
Net cash flow from cross-currency interest rate swaps	74 334	-	>100
Investment and sundry income	93 451	158 006	(40.9)
Operating profit before finance costs	884 740	704 069	25.7
Finance costs	(246 810)	(171 601)	(43.8)
Profit before taxation	637 930	532 468	19.8
Taxation	(16 594)	(8 986)	(84.7)
Profit for the period	621 336	523 482	18.7
Share of profit from associate	46 482	34 358	35.3
Other capital items	-	(248)	>(100)
Attributable to non controlling interests	(25 163)	(1 654)	(1 421.3)
Attributable to Vukile Group	642 655	555 938	15.6

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Extract from income statement – Segmental report

R714mn distributable income for H1 FY2019

	Sep-18 R'000	Sep-17 R'000	Variance %
Attributable to Vukile Group	642 655	555 938	15.6
Non-IFRS related adjustments:			
Shares issued cum dividend	70 888	22 588	213.8
Available for distribution to Vukile shareholders	713 543	578 526	23.3
Dividend proposed for six months to 30 September 2018	701 539		

Segmental income statement

Spain increasing its contribution to 29% of property profits

Operating segment analysis for the six months ended 30 September 2018

	Retail R'000	Other R'000	Total Southern Africa R'000	Total United Kingdom R'000	Retail R'000	Other R'000	Total Spain R'000	Total Group R'000
Property revenue ⁽ⁱ⁾	653 849	67 402	721 251	0	289 742	19 400	309 142	1 030 393
Straight-line rental income accrual	18 135	1 819	19 954	0	298	0	298	20 252
	671 984	69 221	741 205	0	290 040	19 400	309 440	1 050 645
Property expenses (net of recoveries) ⁽ⁱ⁾	(141 774)	(4 999)	(146 773)	0	(69 712)	(365)	(70 077)	(216 850)
Profit from property and other operations	530 210	64 222	594 432	0	220 328	19 035	239 363⁽ⁱⁱ⁾	833 795
Profit from associate (Atlantic Leaf)				46 482				46 482

(i) The property revenue and property expenses in the segmental report have been reflected net of recoveries, in terms of the SA REIT Association's Best Practice Recommendations. The unaudited condensed consolidated statement of profit and loss reflects gross property revenue and gross property expenses.

(ii) A significant portion of the Spanish net property revenue is reflected for a two month period.

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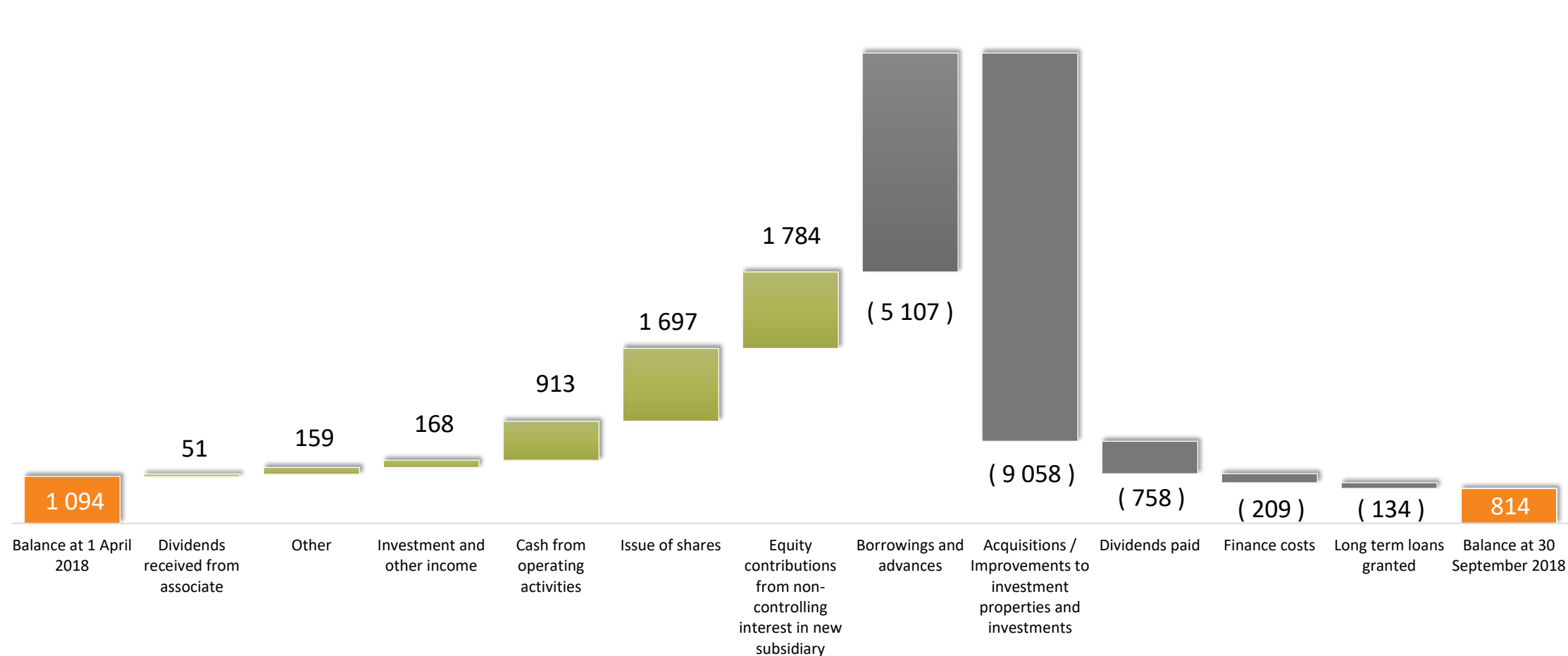
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Group net cash flow – (R'mn)

Deployment of R9.1bn in growing the property portfolio, mainly in Spain



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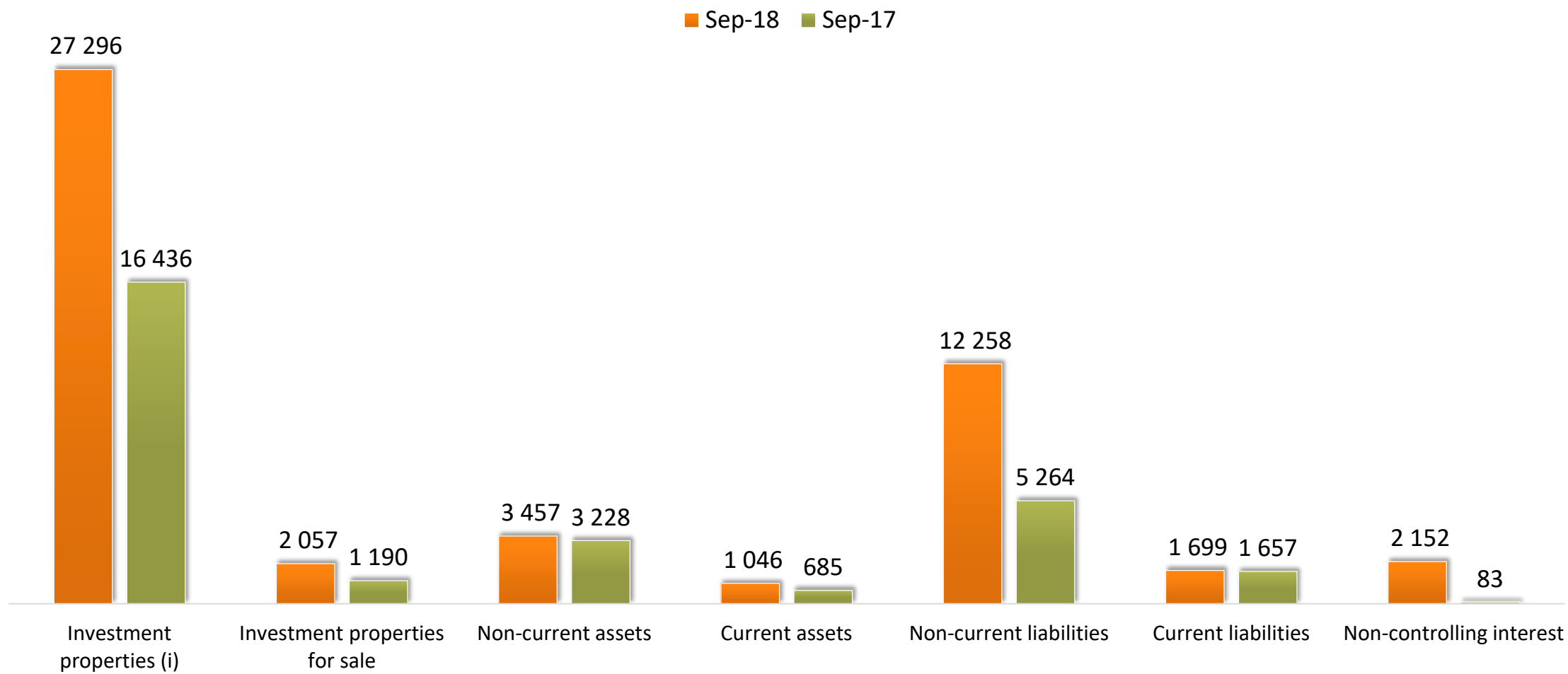
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Group balance sheet – (R'mn)

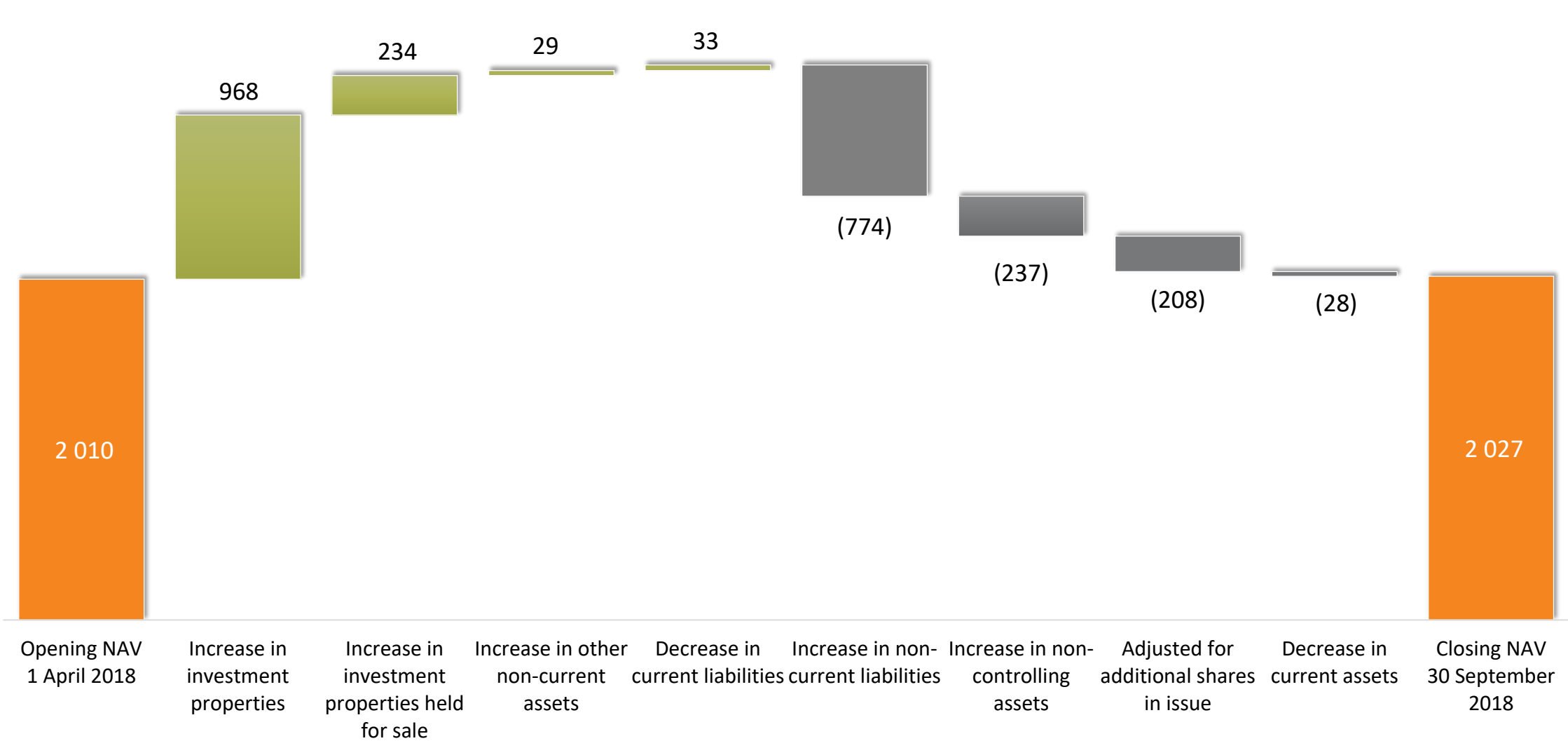
Assets and liabilities at 30 September 2018



(i) Includes properties under development, net of straight-lining

NAV Bridge – (Cents)

Increase in NAV to 2027 cps



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Treasury Management

Mike Potts

Key debt and foreign exchange metrics

Good progress in reducing LTV post Spanish deal

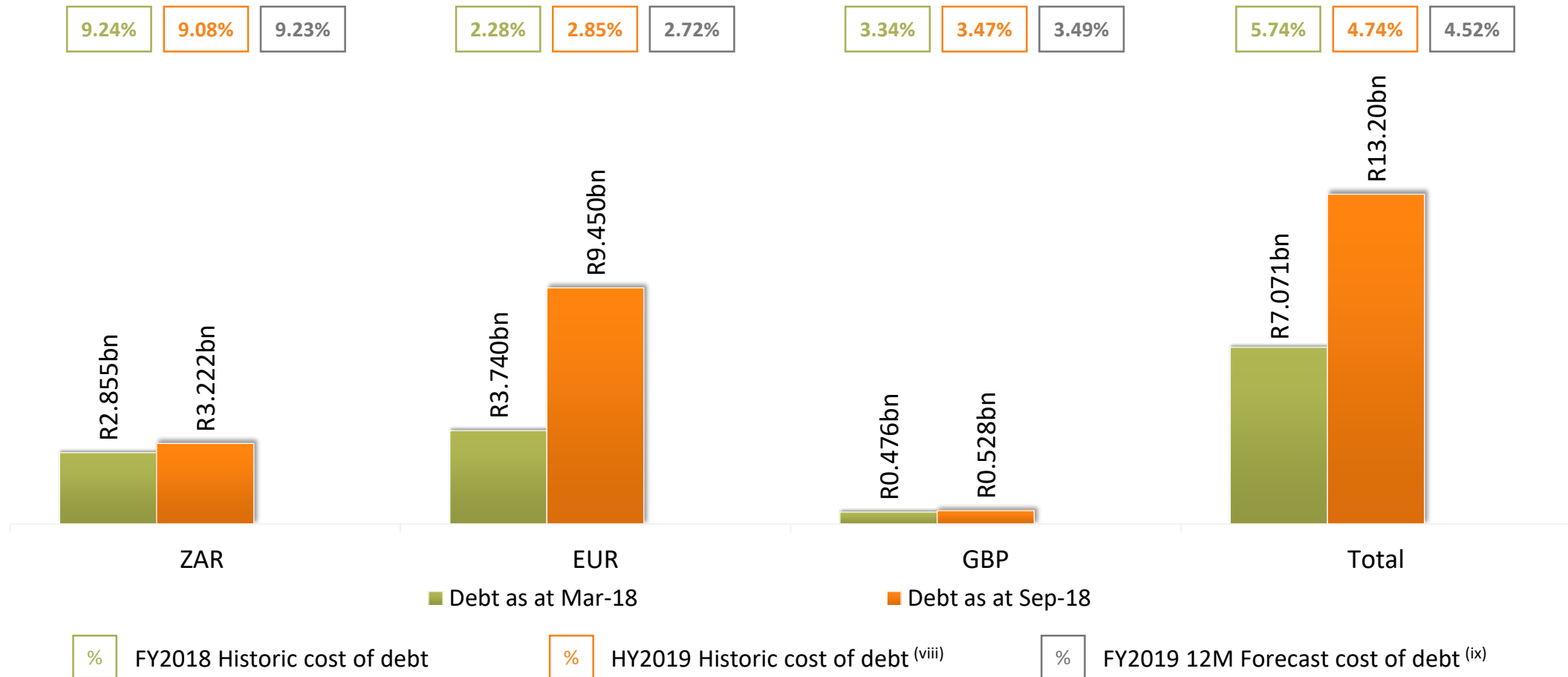
- ▶ Reduced **Group cost of funding** to **4.74%** (South Africa 9.08%)
- ▶ Solid balance sheet with a **loan to value ratio** of **39.7%** ⁽ⁱ⁾ and **gearing ratio** of **38.0%** ⁽ⁱⁱ⁾
- ▶ **94.2%** ⁽ⁱⁱⁱ⁾ of Interest bearing debt hedged with a **4.7 year** fixed rate (swap & fixed debt) maturity profile
- ▶ **Diversified sources of funding** with **9 funders** plus DMTN programme
- ▶ **Secured** long-term credit rating of **AA+_(ZA)**, **corporate** long-term credit rating **upgraded** to **A+_(ZA)** and corporate short-term credit rating of **A1_(ZA)** with a outlook accorded as **stable**
- ▶ Oversubscribed auction issuing **R500mn** worth of **3 and 5-year corporate bonds**, at a rate of 3m Jibar plus **1.55%** and **1.65%**, respectively
- ▶ **75.0%** of forecast **Net EUR income** from Castellana hedged over the next **3 years**
- ▶ **83.3%** of forecast **Net GBP income** from Atlantic Leaf hedged over the next **3 years**

(i), (ii) and (iii) defined in Appendix C: Notes to Treasury Management Slides

Cost of funding

Reduction in Group cost of finance due to funding mix

Group Debt by Currency



^(viii) and ^(ix) defined in Appendix C: Notes to treasury management slides

Segmental loan-to-value and interest cover ratios

Low risk conservative balance sheet

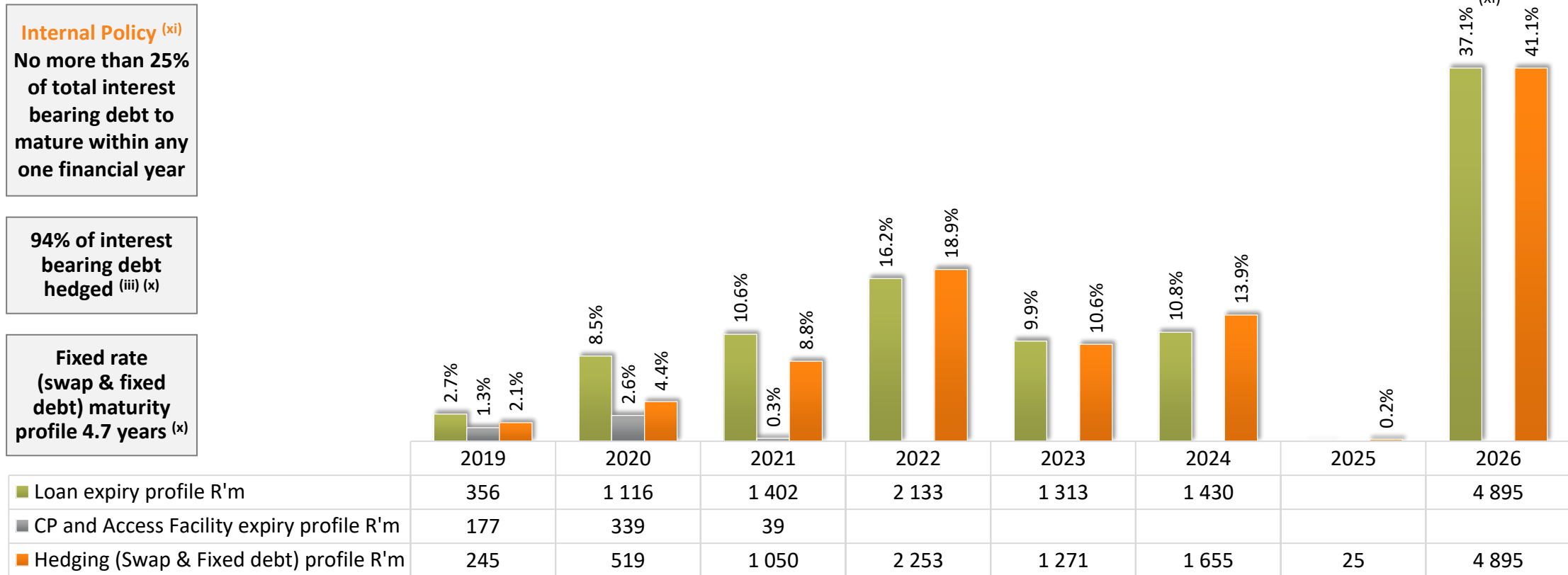
	Southern Africa R'000	Spain €'000	Group R'000	Internal Policy at Group level
Loan-to-value ratio (net of cash and cash equivalents) ⁽ⁱ⁾	33.2%	47.19%	39.7%	35% - 40%
Loan-to-value covenant level	50%	65%	50%	
LTV stress level margin (% asset value reduction to respective covenant levels)	31%	24%	17%	
LTV stress level amount (asset value reduction to respective covenant levels)	R5,342,686	€ 216,711	R5,533,597	
Interest cover ratio (12 month forecast) ^(xii)	2.80 times	3.54 times	3.04 times	
Interest cover ratio covenant level	2 times	2 times	2 times	
ICR stress level margin (% EBITDA reduction to respective covenant levels)	29%	43%	34%	
ICR stress level amount (EBITDA reduction to respective covenant levels)	R314,104	€ 18,332	R614,877	
Interest bearing debt hedged ⁽ⁱⁱⁱ⁾ (x)	86.3%	100.0%	94.2%	> 75%
Fixed rate (swap) maturity profile	2.8 years	6.0 years	4.7 years	> 3 years
Debt maturity profile	2.2 years	6.0 years	4.3 years	

⁽ⁱ⁾, ⁽ⁱⁱⁱ⁾, ^(x) and ^(xii) defined in Appendix C: Notes to Treasury Management Slides

Analysis of Group loan repayment and hedging expiry profile

Well hedged with low risk expiry profile

Group loan and hedging (swap & fixed debt) expiry profile



⁽ⁱⁱⁱ⁾, ^(x) and ^(xi) defined in Appendix C: Notes to Treasury Management Slides

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Strategy to reduce LTV ratio

Prudent balance sheet management

- ▷ Intention to reduce the **Group LTV** to the **35% targeted level** within **12-18 months**
- ▷ Good progress in already **reducing the Group LTV ratio** to **39.7% ⁽ⁱ⁾** since acquisition of the new portfolio in July 2018
- ▷ The **acquisition of the Kolonnade** through a 100% vendor placement of Vukile shares post reporting period has further reduced the Group LTV to **39.1%**
- ▷ Strategies being explored to **reduce Group LTV ratio** to **35%** include:
 - The **sale of non-core assets** to repay debt
 - The **acquisition of further property assets** in Castellana with lower debt levels of c. 20%
 - A **lower LTV in Castellana** will reduce Group LTV as impact of consolidation is muted

(i) defined in Appendix C: Notes to Treasury Management Slides



Vukile Academy
Sedise Moseneke

- ▷ The Academy is **a unique, two-tiered programme** aimed at:
 - **Funding** top black students and offering a year long **internship** programme to graduates
 - Assisting black property entrepreneurs to **realise their property dreams**
- ▷ The Academy has, in the last six months, **allocated and funded 40 – 45 bursaries to top performing students** across different curriculums related to the property sector at a cost of c.R5 million
- ▷ The Academy has partnered and concluded agreements with **several tertiary institutions* as well as industry bodies**, to deliver **a fully funded bursary programme** for final year and honours students
- ▷ The Academy is in the process of **selecting the top 10 candidates from our bursary programme** to enroll into our year long internship/learnership programme commencing in January 2019
- ▷ The main focus of the Academy is to **empower the candidates with the Vukile DNA**, and to support aspiring developers

*SAPOA, WPN, SAIBPP, University of Pretoria, Wits University and University of KZN

Vukile Community Participation and Liaison Programme

Engaging our Communities

- ▶ Our **community liaison and participation programme** aims at creating sustainable and mutually beneficial platforms of engagement **between Vukile and its communities**
- ▶ Vukile has **concluded agreements and is finalising MOU's** with community-based organisations*, in the precincts surrounding our property portfolio
- ▶ The programmes target **education, women entrepreneurship and youth employment** as focal points
- ▶ We have identified **6 - 7 locations as key for the implementation** of our programme. Each location has **an area specific roll out plan** and is monitored through our asset management team and project development team
- ▶ Our aim is to **nurture loyalty and create a sense of belonging** between our assets and our valued communities

*Afrika Tikkun, Neh! and Black Suppliers (Pty) Ltd

Property Sector Charter Scorecard

Embracing an ever changing landscape

- ▷ Vukile’s **commitment to transformation** in the sector, remains a key strategic pillar
- ▷ The 2019 FY was characterised by **an alignment strategy** to the amended codes and going beyond a **“tick box”** exercise
- ▷ Two key areas of focus were identified and sustainable solutions crafted for a **long term and impactful contribution** to empowerment
- ▷ Implemented a **Skills Development Plan** through the Vukile Academy and a sustainable **Supplier Development Programme**
- ▷ Aim is to **create a long term transformation strategy**, that is sustainable, dependable and **goes beyond the minimum requirements**
- ▷ Evaluating BEE – ownership transactions at an **asset level**

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Strategic Plans & Prospects

Laurence Rapp

Internally focussed strategy to drive operational performance

- ▷ Anticipate another **challenging period** ahead for the local economy
- ▷ Portfolio is **defensively positioned** with **91%** retail exposure with a specific focus on LSMs 1-7
- ▷ Defensive tenant mix with **c.80% national tenants** and large grocery component at low rent to sales ratios
- ▷ Local activity will be focused on **expansions and upgrades** to existing centres
- ▷ Continued strong **operational focus** to drive results with a specific objective to **reduce vacancies**
- ▷ Growing focus on **consumer analytics** and alternative income streams gathering momentum
- ▷ Appetite to invest further in South Africa but **limited local acquisition prospects** at the right price
- ▷ Look to **recycle assets** and investments where appropriate without harming earnings momentum
- ▷ Retain an **opportunistic and entrepreneurial approach to deal-making** but always to be strategically consistent with our retail focus and driven by long term fundamentals

Spanish strategy

Building off a solid foundation

- ▷ Spanish **retail and economic fundamentals** remain positive
- ▷ Approach is to **“replicate not integrate”**, implant Vukile DNA into Castellana
- ▷ Remain focused on **the retail sector** including retail parks and shopping centres
 - Will consider retail-related logistics
- ▷ Critical to our success is that we **operate as locals on the ground**
- ▷ Focus on value added **asset management** initiatives and driving operational excellence
- ▷ Currently seeing very **good deal flow**; Castellana presence is well established in the retail market as a **credible and trustworthy buyer**
- ▷ Good **organic acquisition opportunities** allied to existing assets including buying owner occupied boxes
- ▷ Strong focus on **corporate governance**
- ▷ Morzal deal now integrated as a **100% held subsidiary** of Castellana as per plan
- ▷ Intention remains list on the main board of the **Bolsa de Madrid** when appropriate
- ▷ Explore **refinancing of corporate debt** on more attractive terms to the fund
- ▷ Implementation of **long term incentive plan** for key staff
- ▷ **Investor roadshow** March 2019 to view new key assets

Balance Sheet Management

Key management focus to reduce LTV

- ▷ Remain intent on **reducing current LTV** of 39.1% to around 35% over the next 12 – 18 months
- ▷ Exploring a number of levers to achieve that goal
- ▷ **Acquisitions** for paper:
 - Kolonnade deal reduces LTV to 39.1%
 - Must meet **fundamental deal criteria** and be at least neutral on day 1
- **Recycling** of non-core assets to reduce debt and/or redeploy
 - Evaluating some proposals but still **early stage opportunities**
- **Reducing the Castellana LTV** is the most significant lever
 - Value add through asset management
 - New acquisitions with lower gearing
 - Introducing outside 3rd party shareholders

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- ▷ Seemingly **no respite** for the local economy and tough trading conditions expected to persist
- ▷ **Well positioned** in Southern Africa to weather the storm with a more growth driven mindset in Spain
- ▷ Continued internal focus on driving operating performance in our **defensive South African** portfolio
 - Adding value to existing assets
 - Focus on reducing vacancies
 - Tight cost management and ongoing drive for efficiencies
- ▷ Castellana well positioned for **strong growth in Spanish market**
 - Value added asset management projects
 - Good investment pipeline
- ▷ Continue working to **reduce LTV** to target level of 35%
- ▷ Expect full year **growth in dividends** to be in line with H1 growth of **7.5%**
- ▷ Well positioned for **long term growth** and **sustainability**

Acknowledgements



- ▶ Board
- ▶ Property managers
- ▶ Service providers
- ▶ Brokers and developers
- ▶ Tenants
- ▶ Investors
- ▶ Funders
- ▶ Colleagues

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Southern African portfolio

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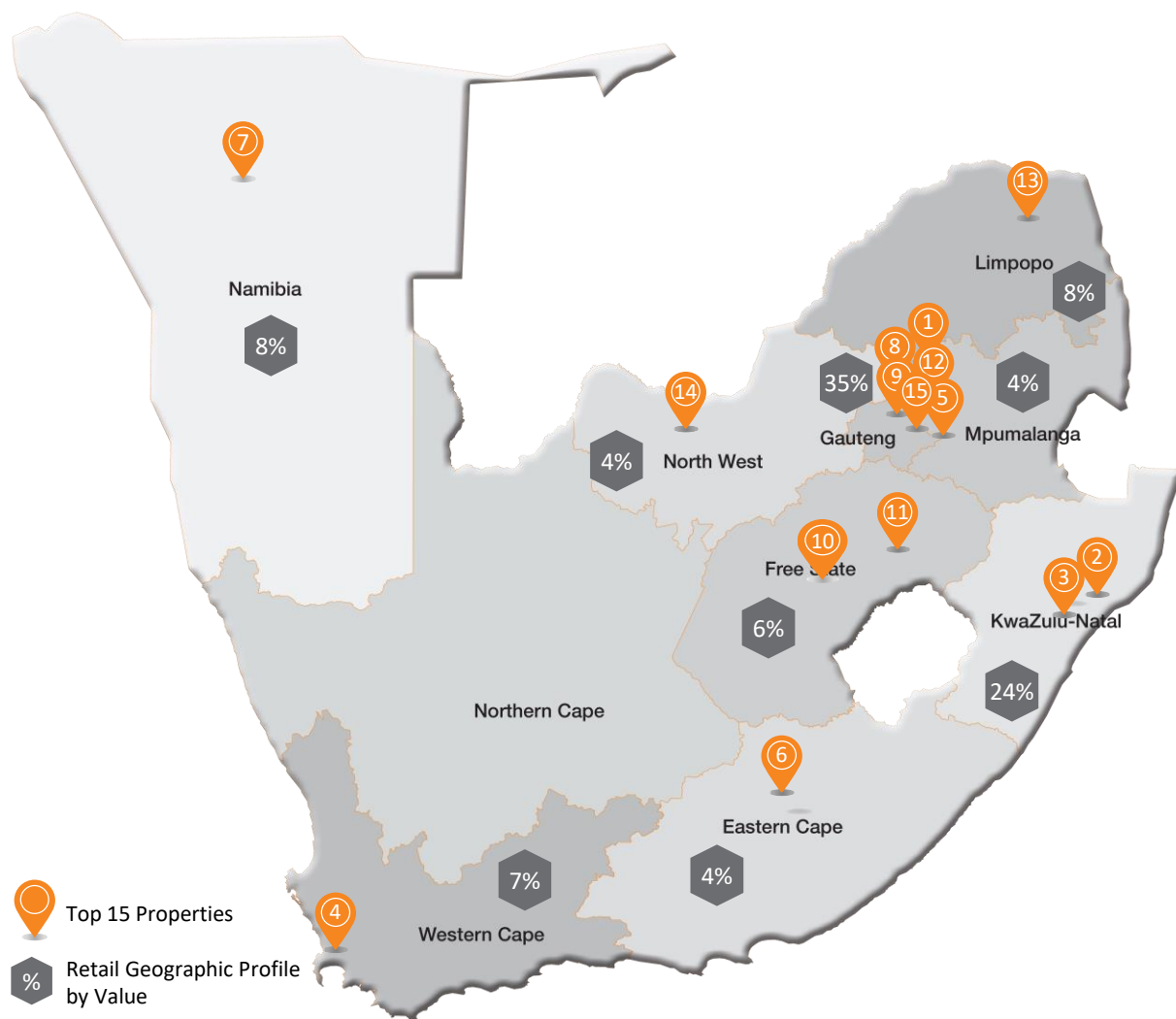
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Our Southern Africa retail footprint

Retail portfolio profile (Top 15 properties 64% of portfolio by value)



- | | |
|----------------------------|-------------------------|
| 1 East Rand Mall | 9 Meadowdale Mall |
| 2 Phoenix Plaza | 10 Bloemfontein Plaza |
| 3 Pine Crest | 11 Maluti Crescent |
| 4 Gugulethu Square | 12 Randburg Square |
| 5 Dobsonville Mall | 13 Thavhani Mall |
| 6 Nonesi Mall | 14 Moruleng Mall |
| 7 Oshakati Shopping Centre | 15 Hillfox Power Centre |
| 8 Daveyton Shopping Centre | |

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High quality retail assets

Top 15 assets

	East Rand Mall	Phoenix Plaza	Pine Crest	Gugulethu Square	Dobsonville Mall
GAV	R1 397m	R926m	R897m	R572m	R556m
 Region	Gauteng	KwaZulu-Natal	KwaZulu-Natal	Western Cape	Gauteng
 Gross Lettable Area	68,128m ²	24,351m ²	40,086m ²	25,322m ²	26,628m ²
 Monthly Rental	R268/m ²	R266/m ²	R168/m ²	R156/m ²	R136/m ²
 National Tenant exposure	89%	78%	94%	89%	82%
 Vukile Ownership	50%	100%	100%	100%	100%
 Approx. Footfall	10.1m	10.2m	11.2m	11.2m ~	11.6m ~
 Vacancy	0.4%	0.9%	Development vacancy	0.4%	Fully Let

~ Estimate

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High quality retail assets

Top 15 assets (cont.)

	Nonesi Mall	Oshakati Shopping Centre	Daveyton Shopping Centre	Meadowdale Mall	Bloemfontein Plaza
					
GAV	R478m	R433m	R421m	R414m	R413m
 Region	Eastern Cape	Namibia	Gauteng	Gauteng	Free State
 Gross Lettable Area	27,898m ²	24,632m ²	17,774m ²	49,322m ²	43,771m ²
 Monthly Rental	R122/m ²	R135/m ²	R159/m ²	R78/m ²	R86/m ²
 National Tenant exposure	97%	94%	83%	82%	56%
 Vukile Ownership	100%	100%	100%	67%	100%
 Approx. Footfall	7.4m	5.0m ~	7.9m	10.0m ~	8.9m
 Vacancy	Fully Let	2.1%	1.4%	Fully Let	3.2%

~ Estimate

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High quality retail assets

Top 15 assets (cont.)

	Maluti Crescent	Randburg Square	Thavhani Mall	Moruleng Mall	Hillfox Power Centre
GAV	R409m	R407m	R406m	R370m	R341m
 Region	Free State	Gauteng	Limpopo	North West	Gauteng
 Gross Lettable Area	21,680m ²	40,767m ²	53,340m ²	31,421m ²	38,245m ²
 Monthly Rental	R133/m ²	R100/m ²	R164/m ²	R119/m ²	R76/m ²
 National Tenant exposure	96%	81%	93%	87%	53%
 Vukile Ownership	100%	100%	33%	80%	100%
 Approx. Footfall	4.2m ~	7.5m	8.6m	4.2m	8.8m ~
 Vacancy	0.4%	8.4%	0.9%	3.6%	8.5%

~ Estimate

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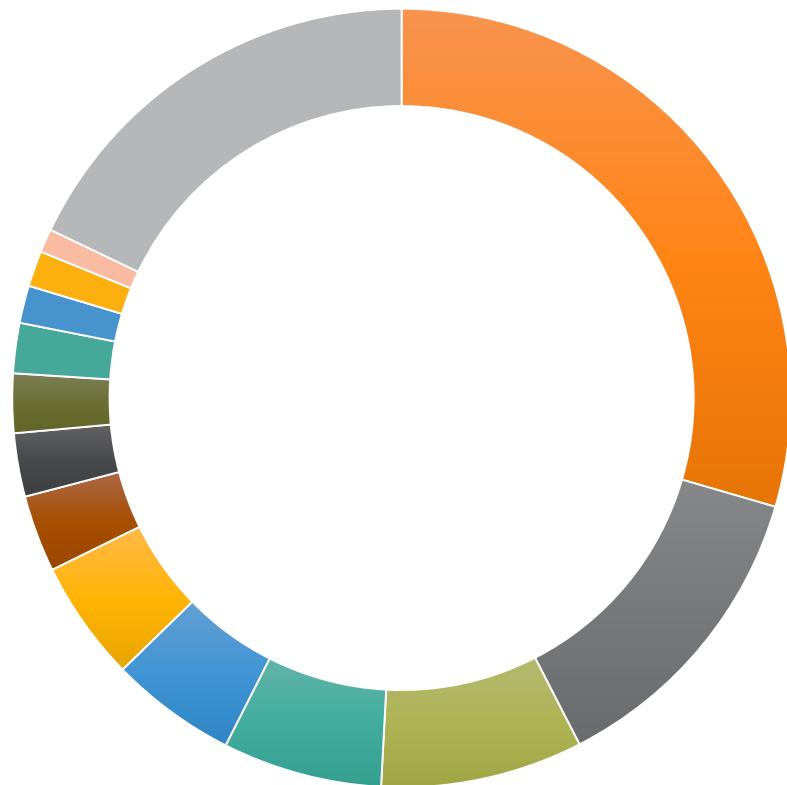
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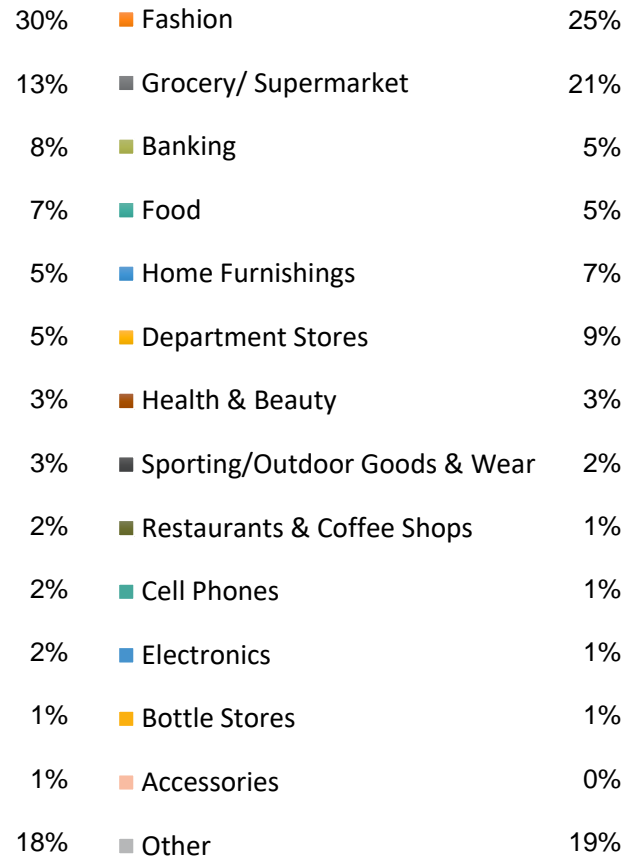
Retail tenant exposure

Well diversified tenant mix

Category profile by Rent



Category profile by GLA



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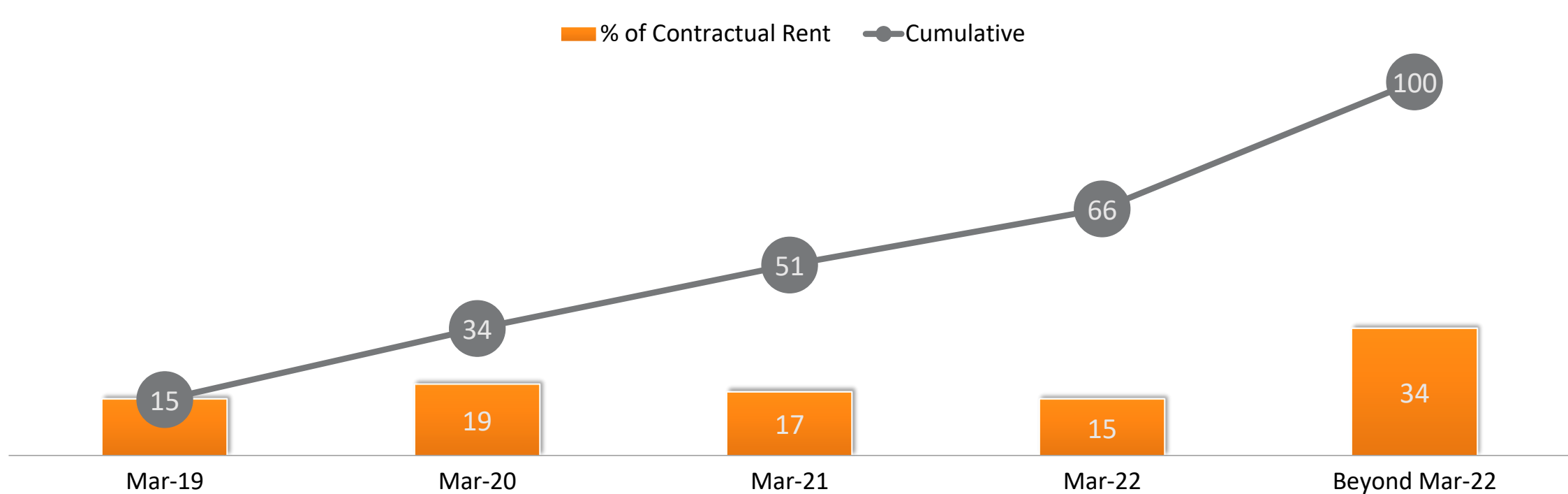
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Retail tenant expiry profile

49% of contractual rent expiring in 2022 and beyond (WALE 4.0 years)



For the 6 months ended 30 September 2018 Retail leases were concluded with:

- ▶ Total contract value R851m
- ▶ Total rentable area 106 802m²
- ▶ Tenant Retention 87%

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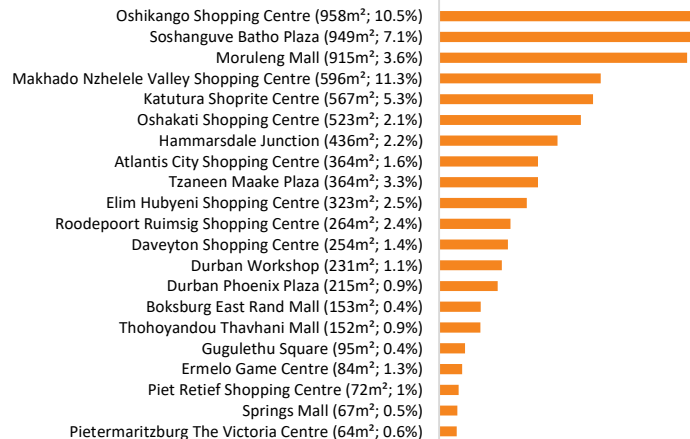
Retail vacancies

29 Properties Fully let / Vacancies lower than 1 000m²

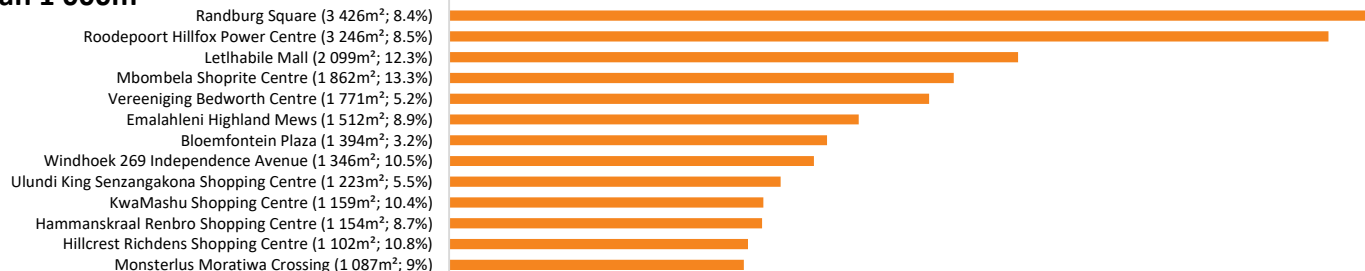
Fully Let

Soweto Dobsonville Mall
Rustenburg Edgars Building
Queenstown Nonesi Mall
Ondangwa Shoprite Centre
Mbombela Truworths Centre
Giyani Plaza
Germiston Meadowdale Mall
Ga-Kgapane Modjadji Plaza

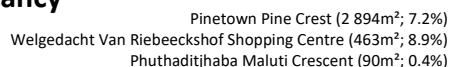
Vacancy lower than 1 000m²



Vacancy greater than 1 000m²



Development Vacancy



29 Properties
57% of Retail Portfolio GLA
1.7% Vacant

13 Properties
35% of Retail Portfolio GLA
7.8% Vacant

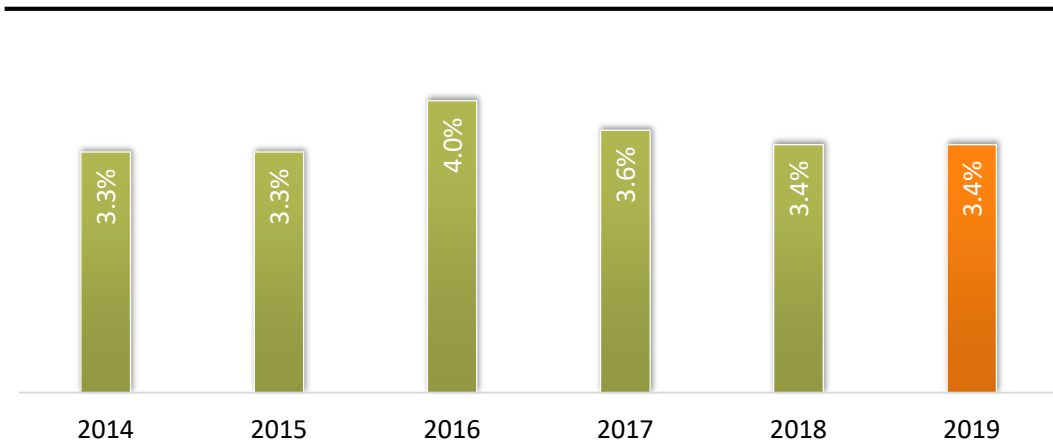
3 Properties
8% of Retail Portfolio GLA
5.1% Development Vacancy

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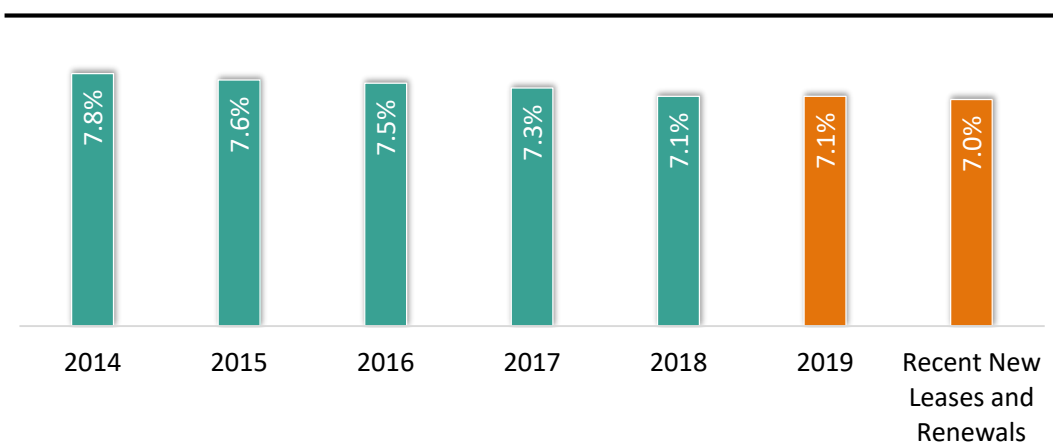
Retail tenant affordability

Consistently strong metrics

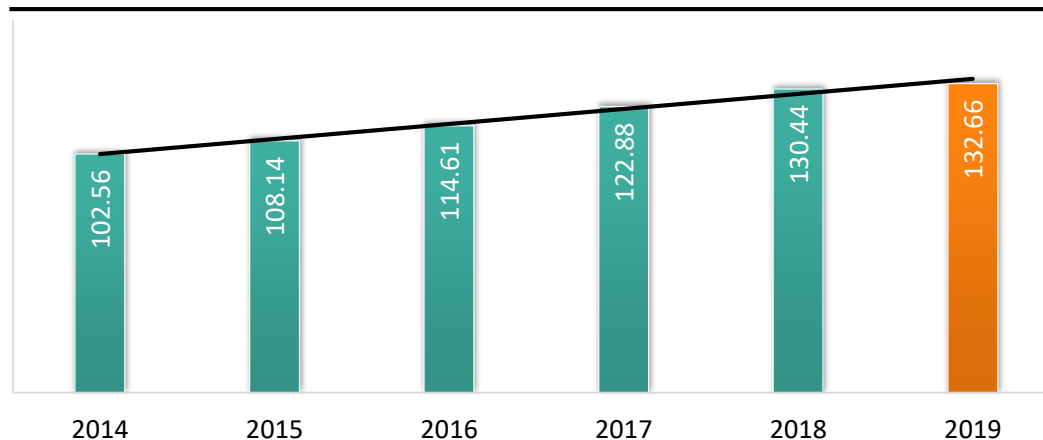
Retail Vacancy Profile by Rent



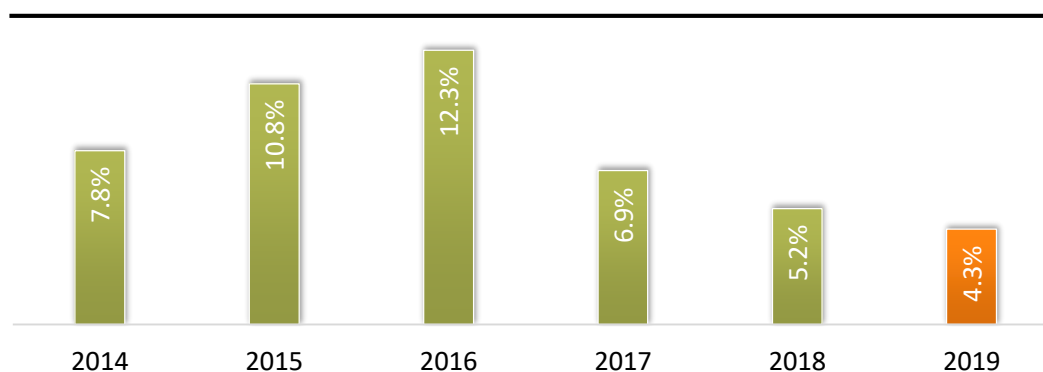
Retail Contractual Escalations



Retail Average Base Rentals (excl. Recoveries)



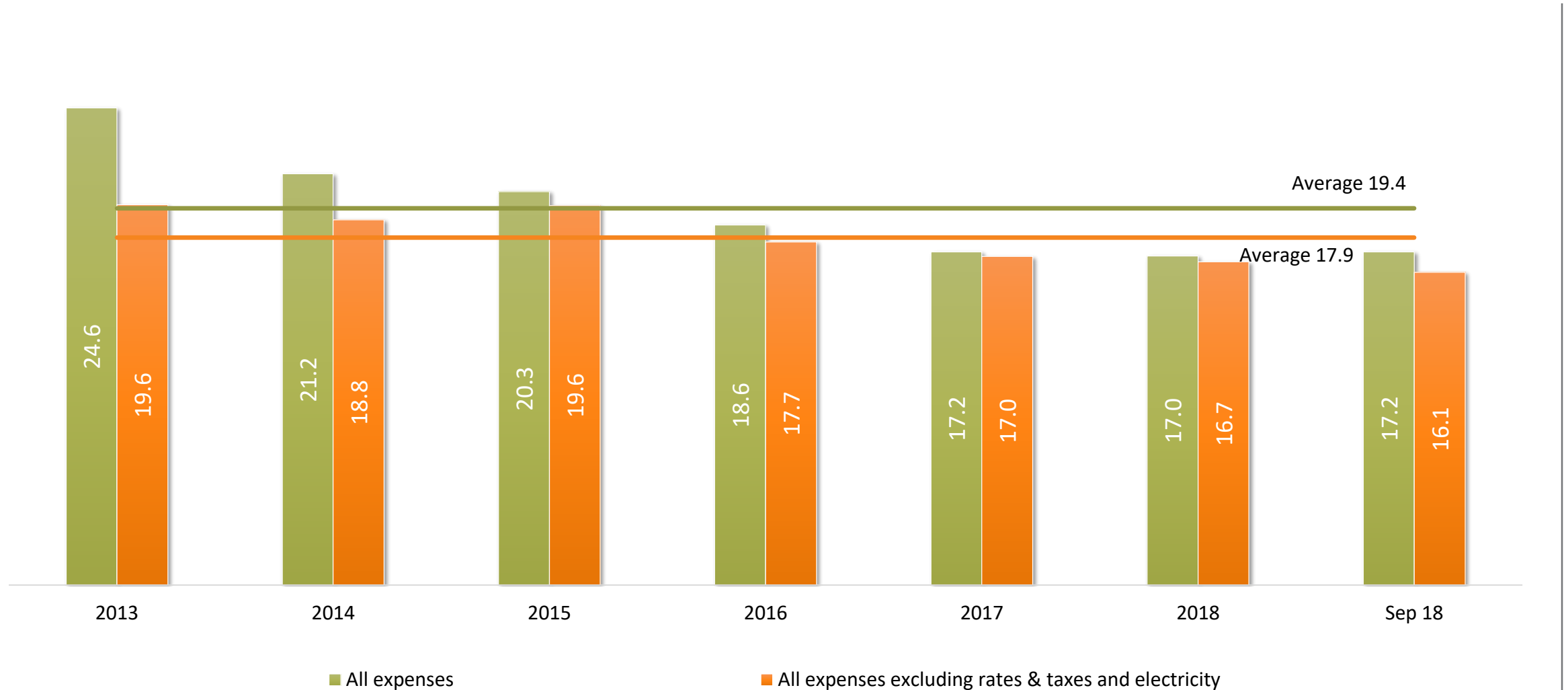
Retail Rent Reversions



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Ratio of net cost to property revenue – Retail portfolio

Improvement in cost ratios



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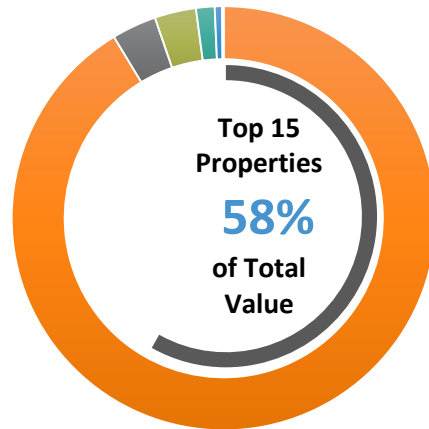
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Southern African total portfolio composition

Top 15 assets make up c.58% of the total portfolio

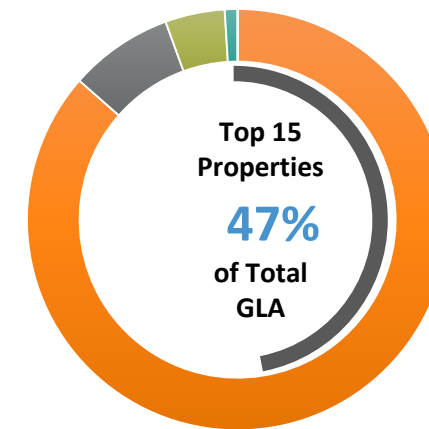
Sectoral Profile - by Value



By Value

91%	Retail
3%	Industrial
3%	Offices
2%	Motor Related
1%	Residential
0.1%	Vacant Land

Sectoral Profile - by GLA



By GLA

86%	Retail
8%	Industrial
5%	Offices
1%	Motor Related
0%	Residential
0%	Vacant Land

Geographic Profile - by Value



By Value

39%	Gauteng
22%	KwaZulu-Natal
8%	Western Cape
7%	Limpopo
7%	Namibia
6%	Free State
4%	North West
4%	Mpumalanga
3%	Eastern Cape

Geographic Profile - by GLA



By GLA

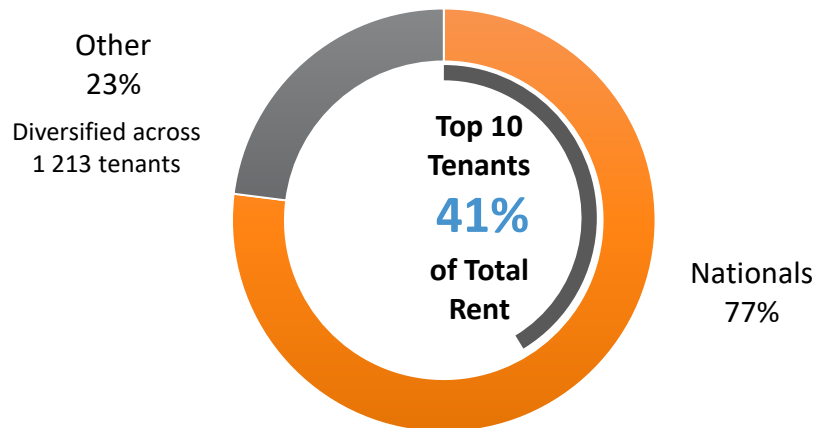
41%	Gauteng
18%	KwaZulu-Natal
6%	Western Cape
8%	Limpopo
7%	Namibia
7%	Free State
5%	North West
5%	Mpumalanga
3%	Eastern Cape

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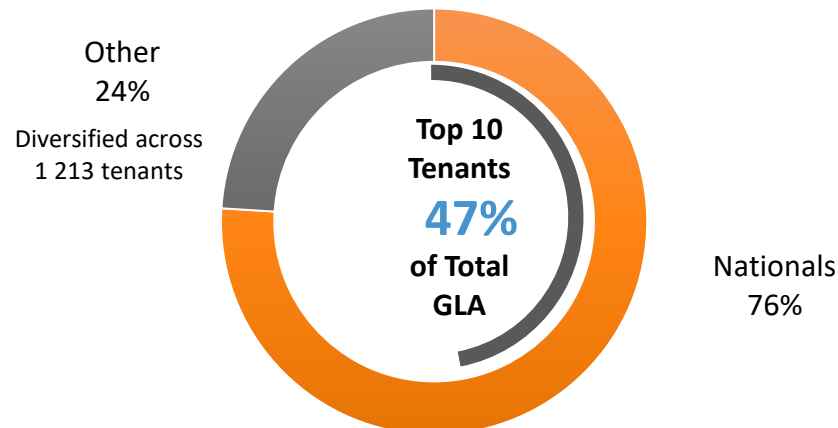
Southern African total portfolio tenant exposure

Low risk with 77% national tenants

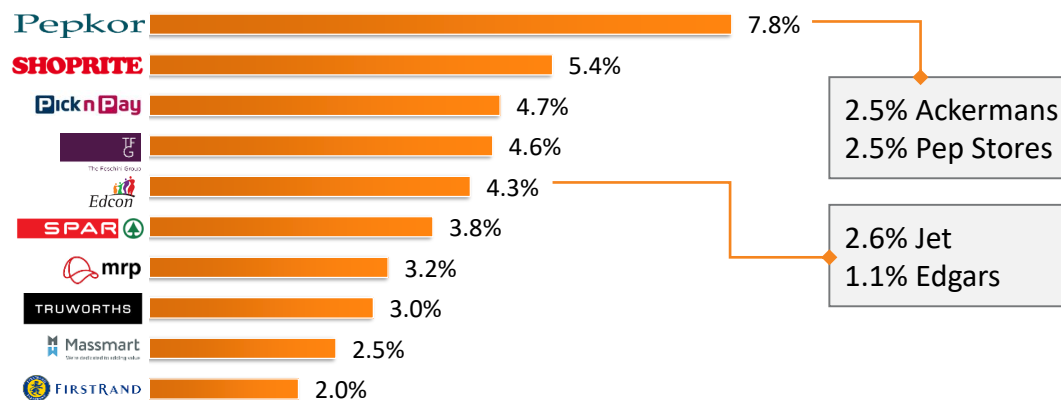
Top 10 Tenants by Contractual Rent



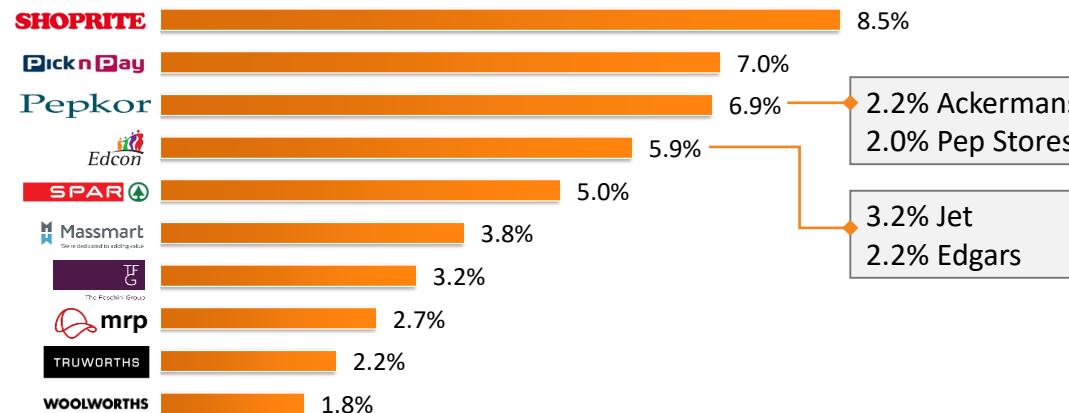
Top 10 Tenants by occupied GLA



Tenant Profile - by Contractual Rent



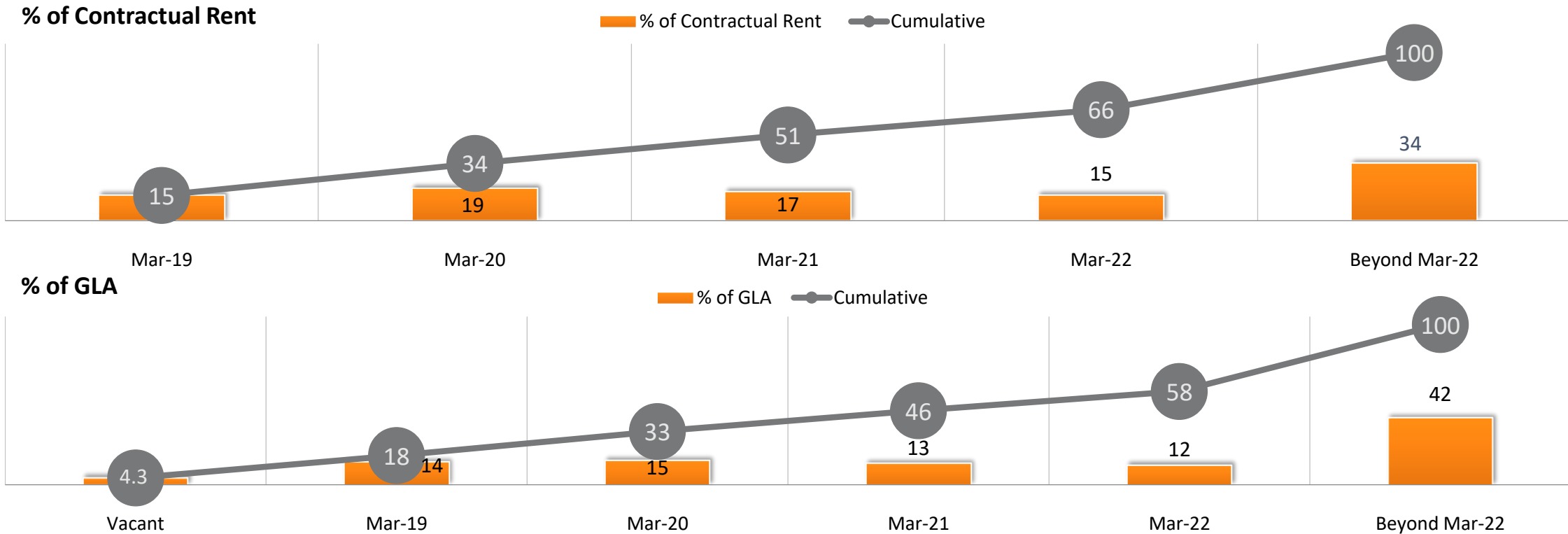
Tenant Profile - by occupied GLA



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Southern African total portfolio tenant expiry profile

49% of contractual rent expiring in 2022 and beyond (WALE 3.9 years)



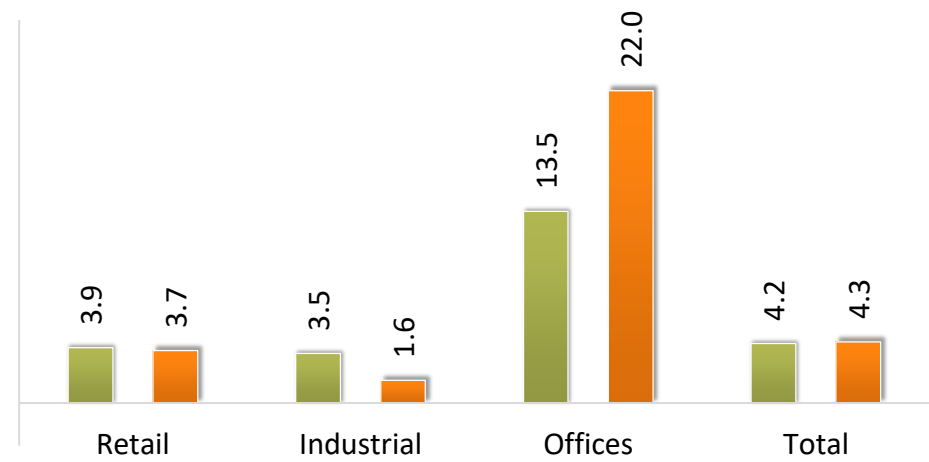
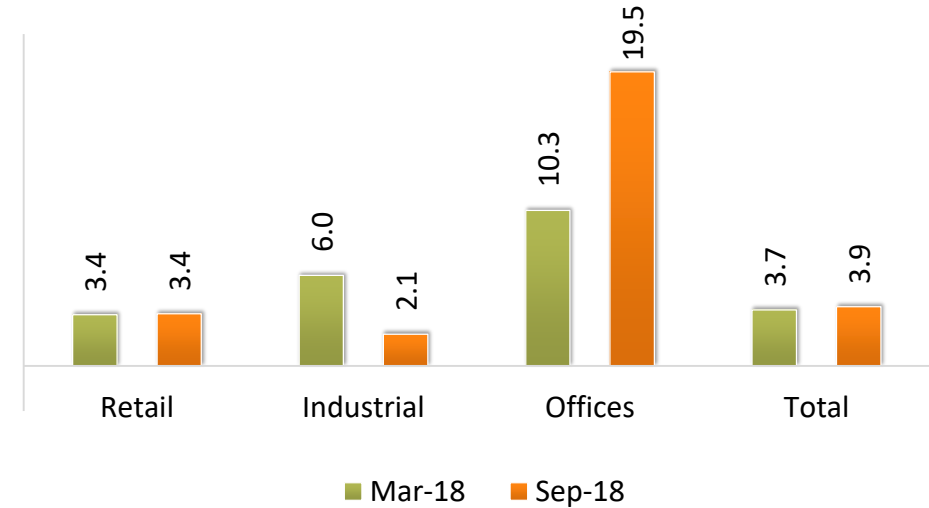
For the 6 months ended 30 September 2018 leases were concluded with:

- ▶ Total contract value R878 million
- ▶ Total rentable area 119,283m²
- ▶ Tenant Retention 82%

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Southern African total portfolio vacancy profile

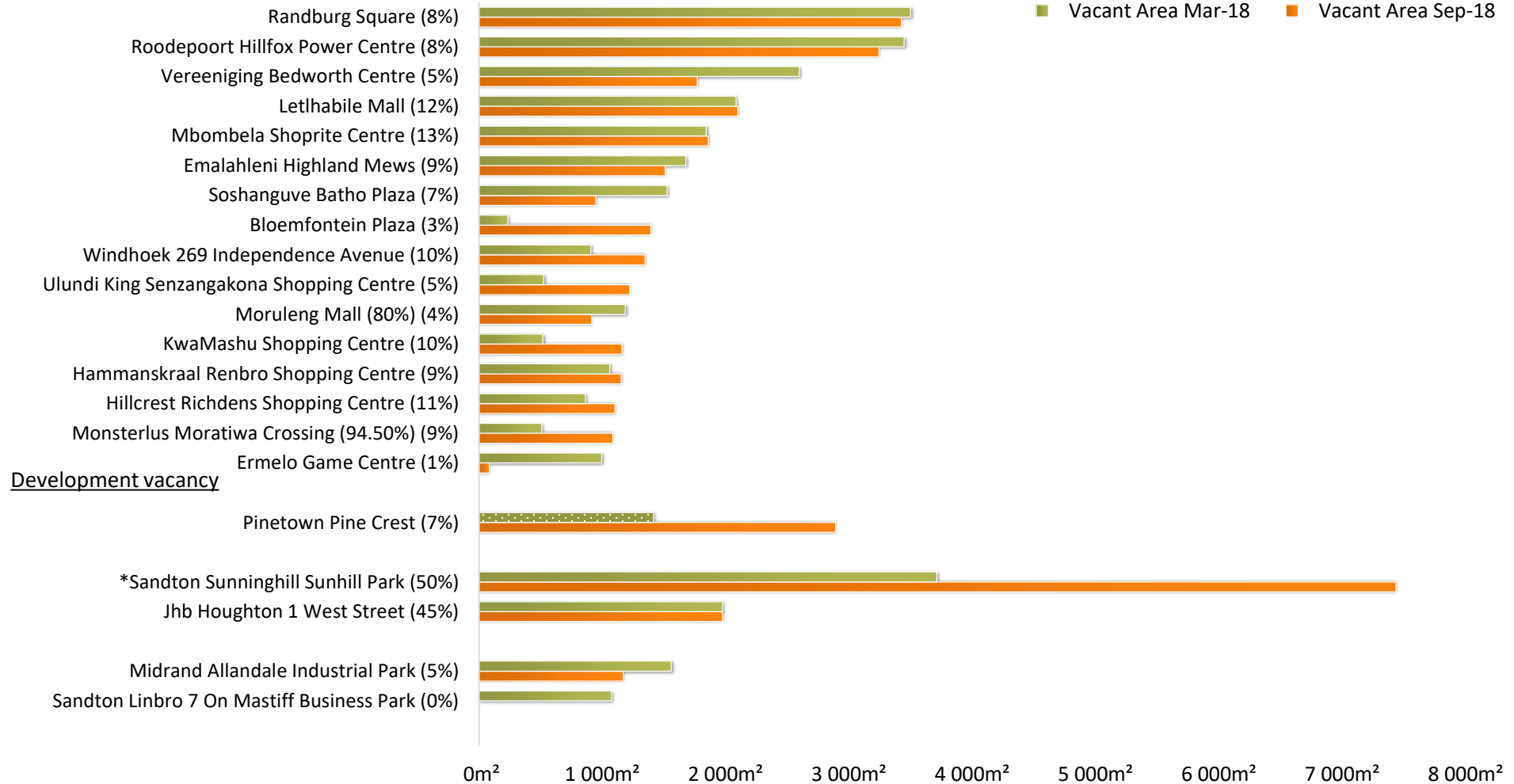
Vacancy contained at 3.9% of contractual rent



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Individual properties vacancy profile (% of GLA)

Vacancy > 1 000m²



*Various options are currently considered to convert this property, might move to development vacancy in future.

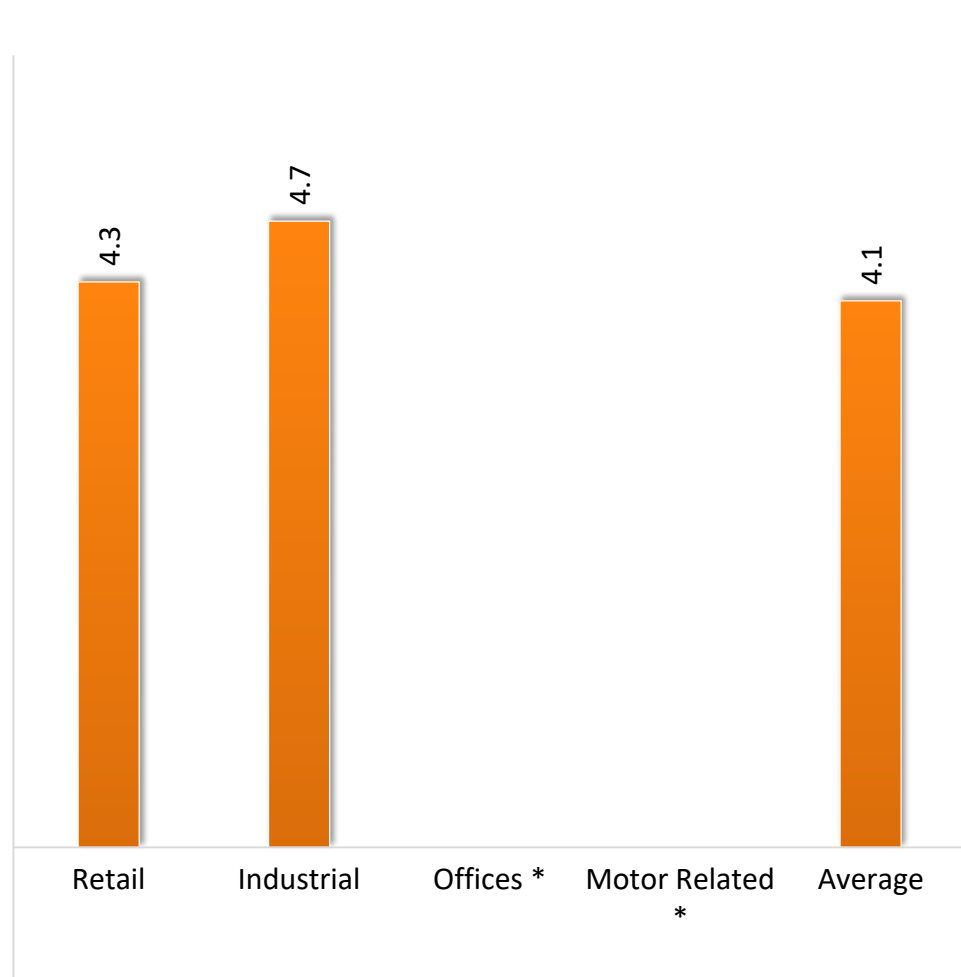
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Southern African total portfolio lease renewals

Positive reversions



Lease
renewals
percentage
escalation
on expiry
rentals



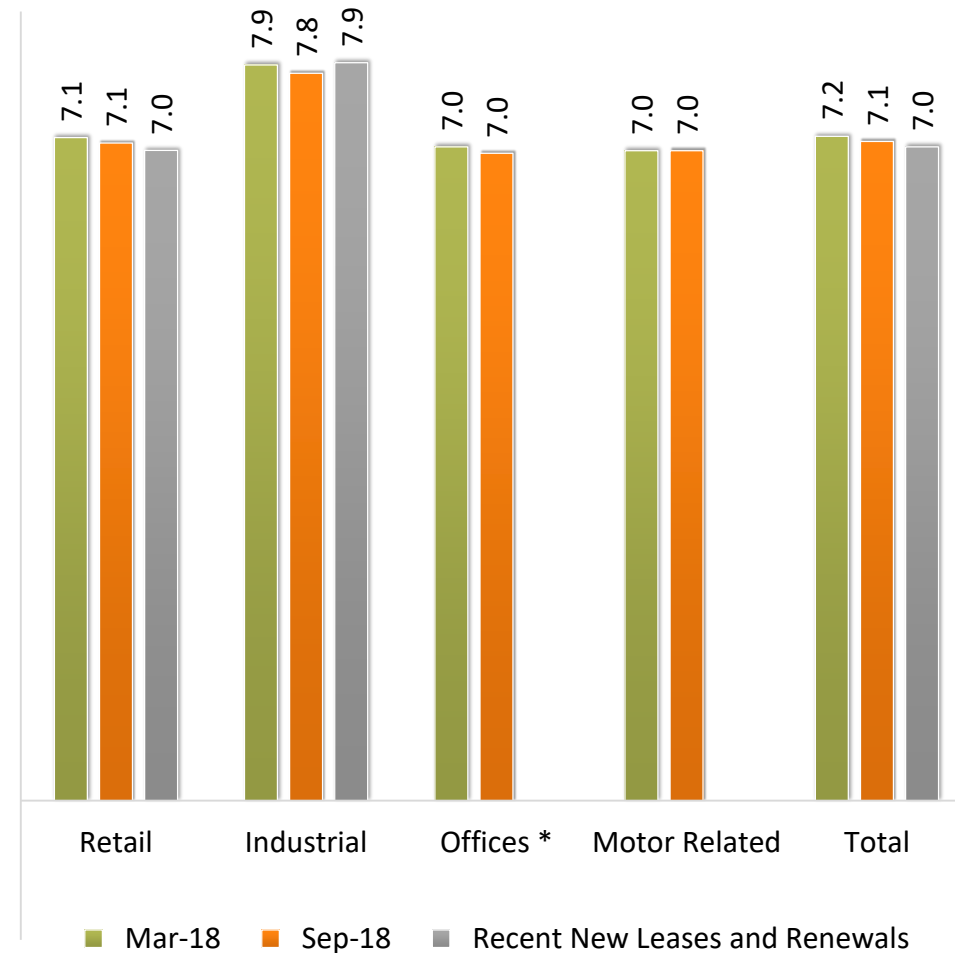
* No office / motor related leases concluded during the period

Southern African total portfolio contracted rental escalation profile

Rental escalations still ahead of inflation



Escalation Percentage

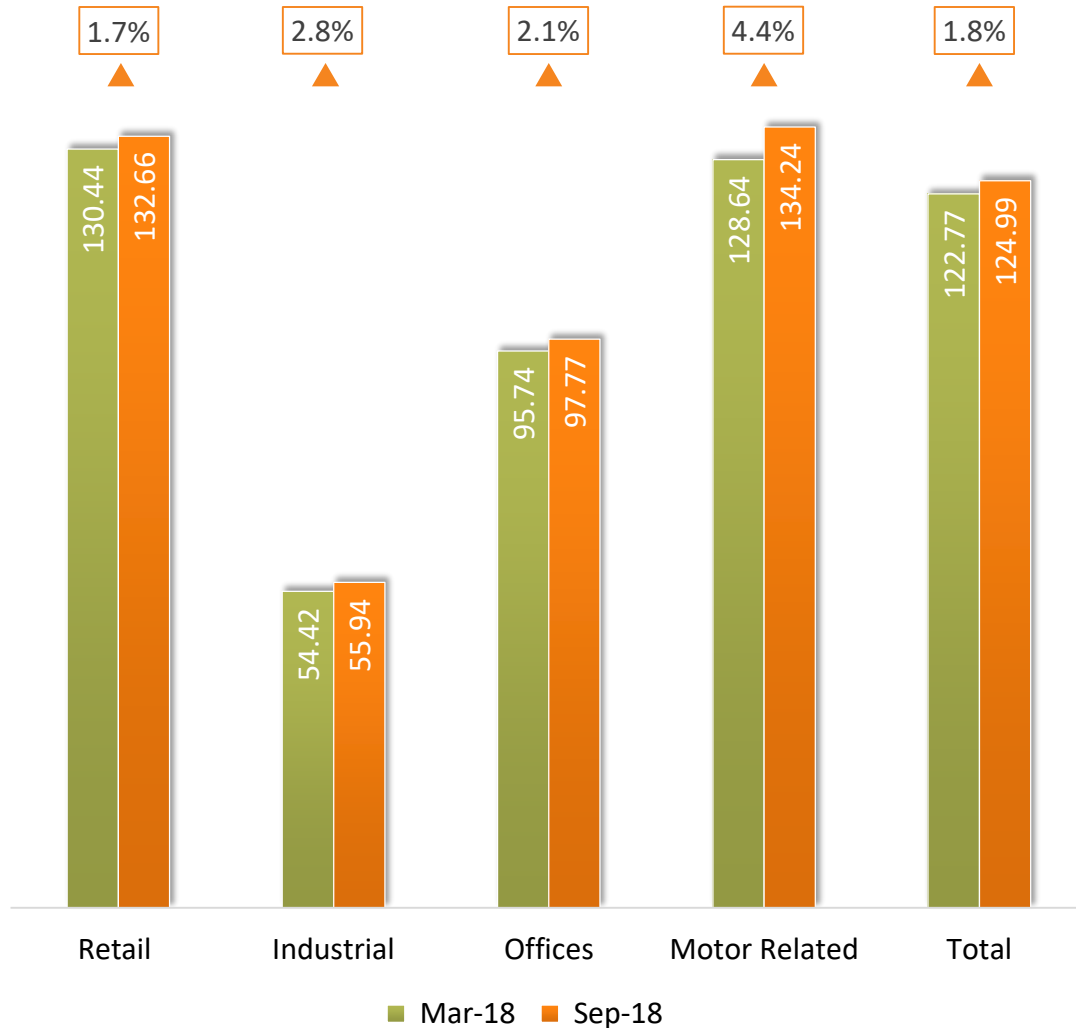


* No office leases concluded during the period

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Southern African total portfolio weighted average base rentals – R/m²

Excluding recoveries



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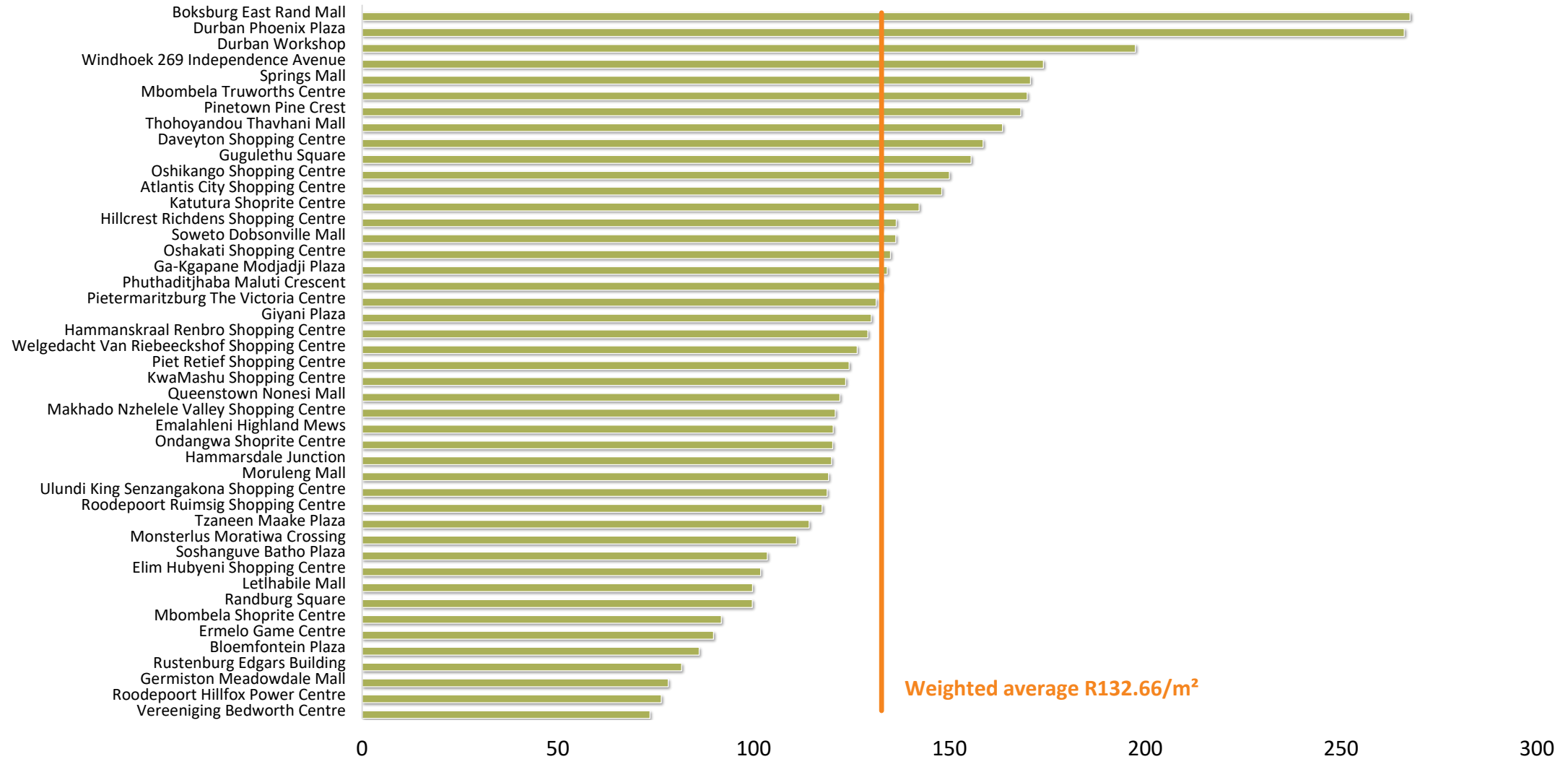
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Weighted average base rentals R/m² (excluding recoveries)

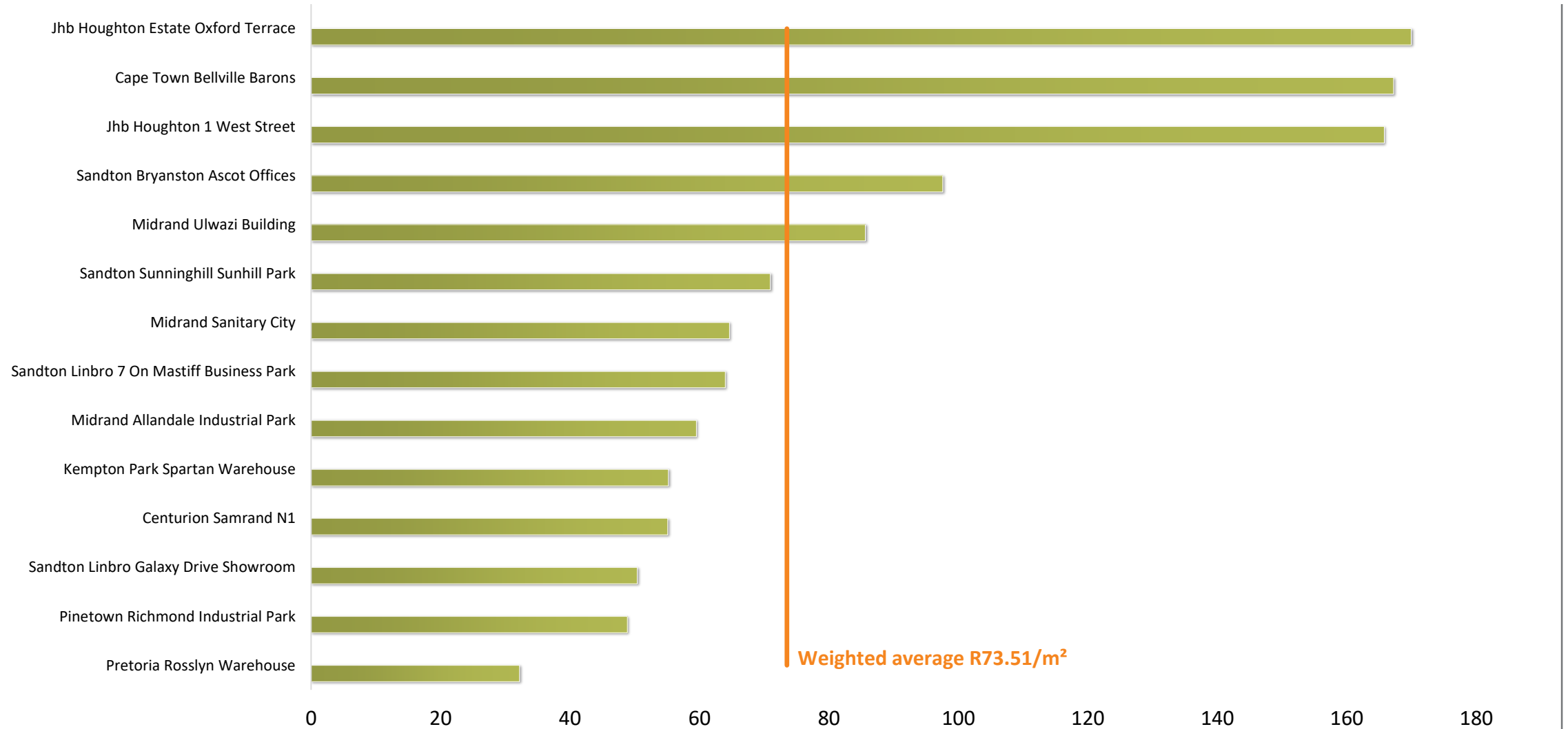
Southern African Retail portfolio



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Weighted average base rentals R/m² (excluding recoveries)

Southern African Other portfolio



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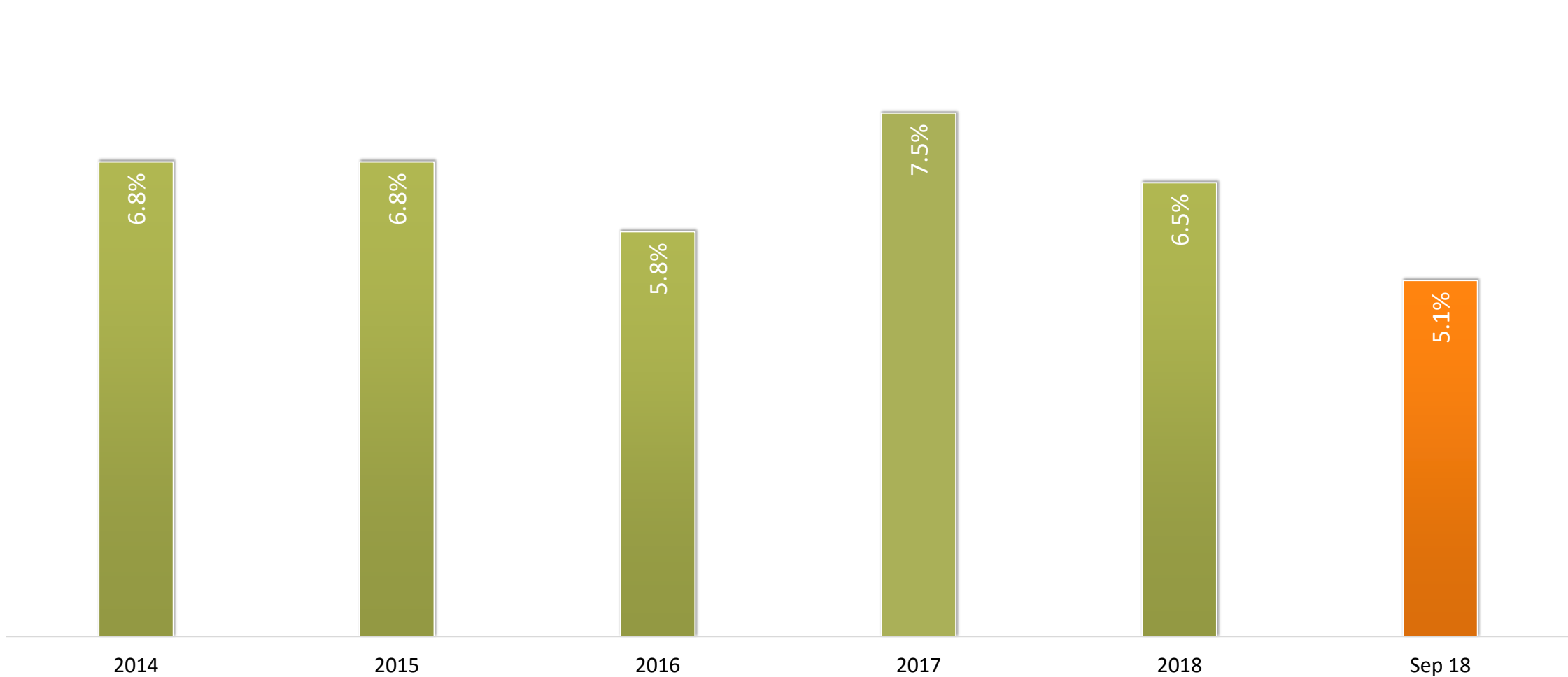
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Growth in net profit from Southern African property operations

Like-for-like growth of 5.1%

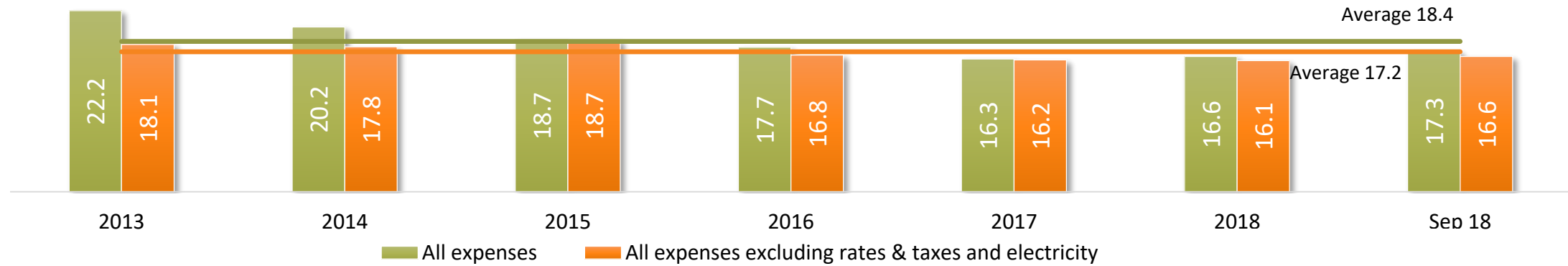


Note: Historic data per Company Annual Results.

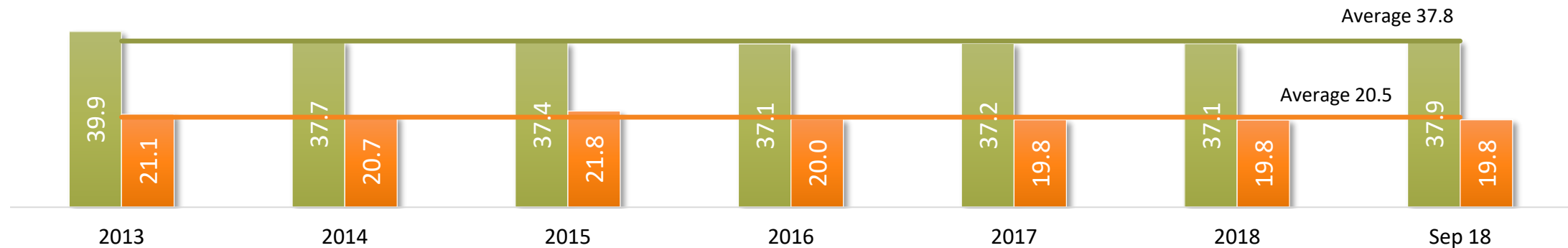
Southern African total portfolio - ratio of cost to property revenue

Containing cost ratios

Net cost to property revenue



Gross cost to property revenue



* Stable portfolio excluding recent acquisitions and sales

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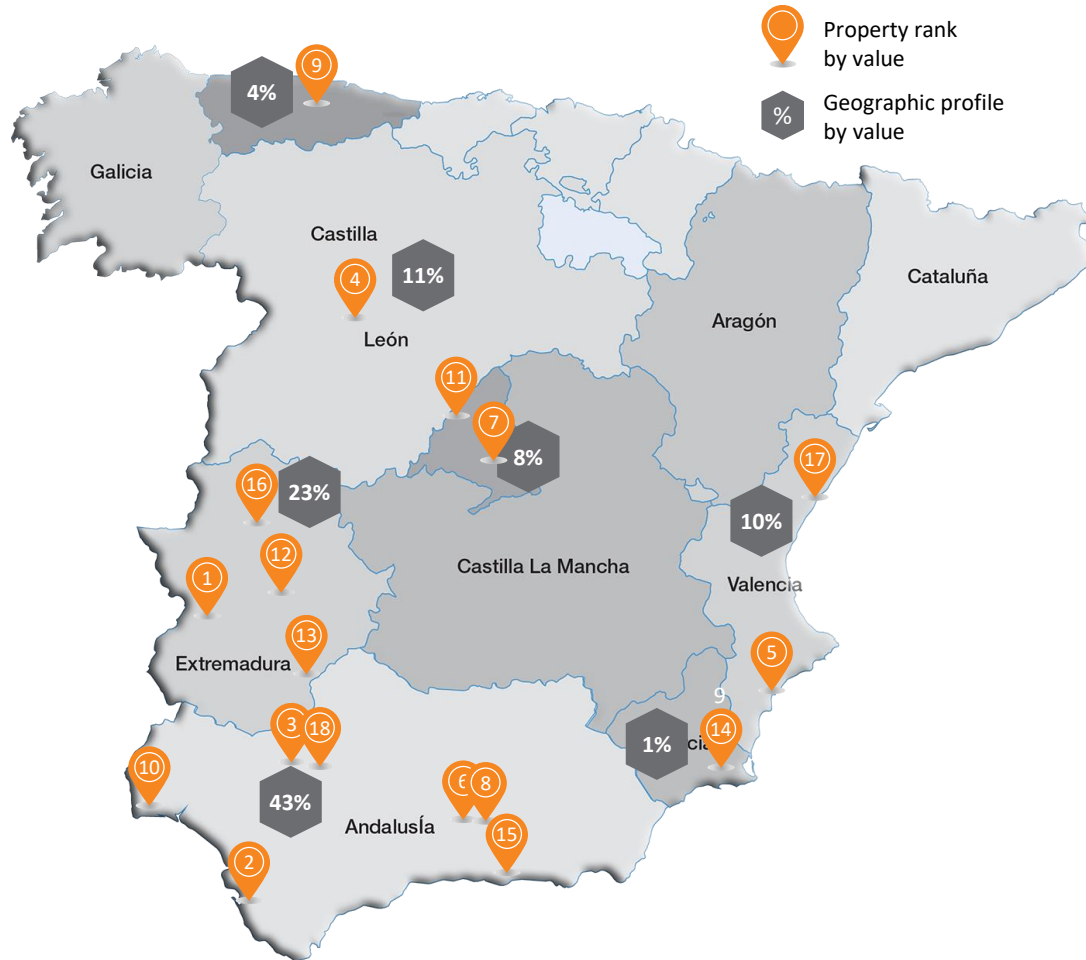


Appendix B

Spanish Portfolio

Spanish portfolio footprint

Spain portfolio profile



- 1 El Faro
- 2 Bahía Sur
- 3 Los Arcos
- 4 Vallsur
- 5 Habaneras
- 6 Centro Comercial Alameda
- 7 Parque Oeste de Alcorcón
- 8 Kinépolis RP & LC
- 9 Parque Principado

- 10 Marismas del Polvorín
- 11 Edificio Alcobendas
- 12 Mérida
- 13 Villanueva
- 14 Pinatar Park
- 15 Motril
- 16 Mejostilla
- 17 Ciudad del Transporte
- 18 Edificio Bollullos de la Mitación

(i) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes





(ii) La Serena comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes

Note: All data represents 100% of Castellana, Vukile shareholding is 98.7%

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Spanish portfolio overview

Top 10 assets

	El Faro	Bahía Sur	Los Arcos	Vallsur	Habaneras
GAV	€161.5m	€119.5m	€114.3m	€96.4m	€85.2m
 Province	Badajoz	Cadiz	Seville	Valladolid	Alicante
 Gross Lettable Area	43 423m ²	24 760m ²	17 906m ²	35 211m ²	24 158m ²
 Monthly Rental	€16.70/m ²	€24.72/m ²	€32.28/m ²	€14.71/m ²	€17.8/m ²
 Sector	Shopping Centre	Shopping Centre	Shopping Centre	Shopping Centre	Shopping Centre
 Major Tenants	Bricor, Primark, Zara	Bricor, H&M, Zara	Toys 'R' Us, Zara, Kiabi	Carrefour, Yelmo, H&M	AKI, Zara, Forum
 WALE	3.9 years	1.3 years	3 years	10.1 years	4.6 years
 Vacancy	2.4%	1.9%	5.7%	2.9%	4.2%

Note: All data represents 100% of Castellana, Vukile shareholding is 98.7%

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Spanish portfolio overview

Top 10 assets

	Centro Comercial Alameda	Parque Oeste de Alcorcón	Kinépolis Retail Park	Parque Principado	Marismas del Polvorín
					
GAV	€59.8m	€52.7m	€34.1m	€32.8m	€29.1m
 Province	Granada	Madrid	Granada	Asturias	Huelva
 Gross Lettable Area	27 913m ²	13 604m ²	18 508m ²	16 396m ²	20 000m ²
 Monthly Rental	€10.70/m ²	€15.69/m ²	€9.24/m ²	€9.52/m ²	€7.37/m ²
 Sector	Retail Park	Retail Park	Retail park	Retail Park	Retail Park
 Major Tenants	Decathlon , Mercadona, Juguettos	Kiwoko, Worten, Prenatal	Media Markt, AKI, Sprinter	Bricomart, Conforama, Intersport	Media Markt, Mercadona, Low Fit
 WALE	2 years	4.2 years	7 years	4.9 years	3.3 years
 Vacancy	2.2%	Fully Let	Fully Let	Fully Let	Fully Let

(i) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes
Note: All data represents 100% of Castellana, Vukile shareholding is 98.3%

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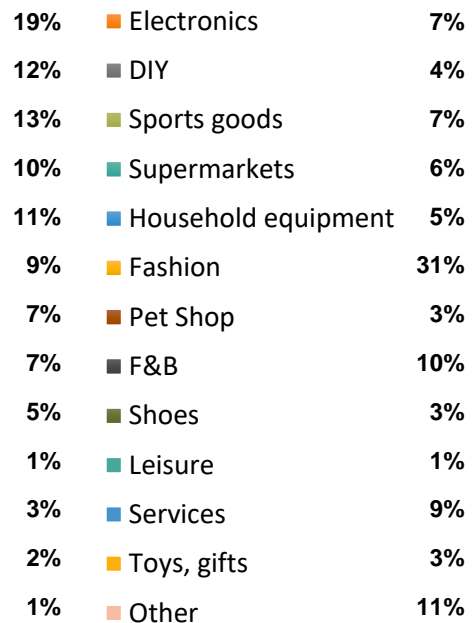
Retail tenant exposure

Well diversified tenant mix

Category profile by Rent

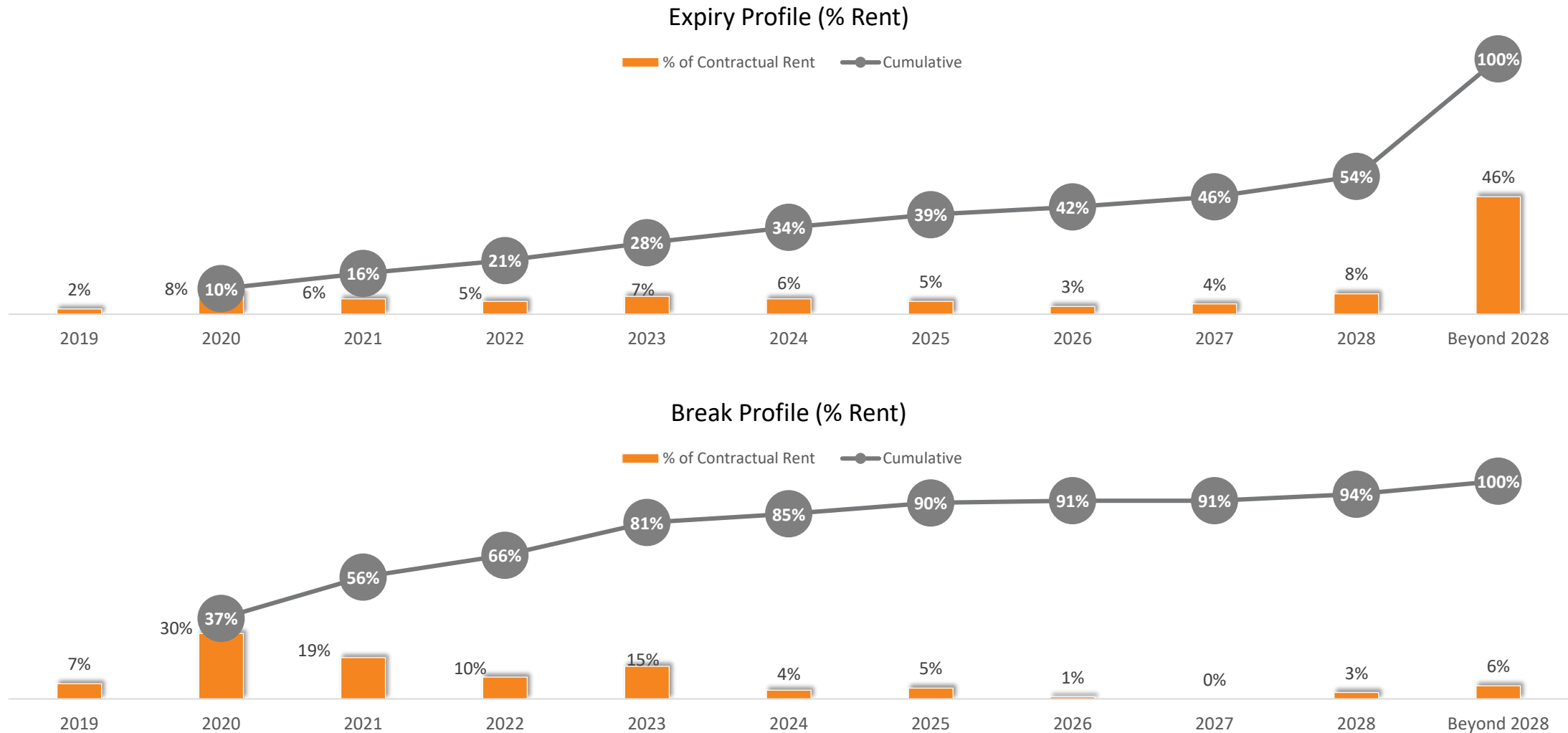
31 March 2018

30 September 2018



Retail lease expiry profile

46% of contractual rent expiring in 2028 and beyond
(WALE 15 years to expiry and 4.5 years to break)

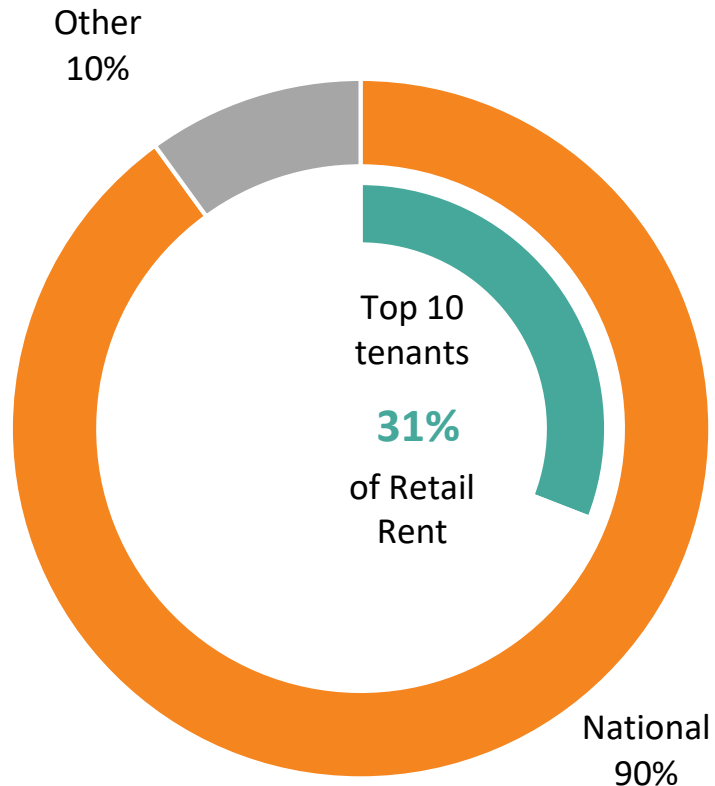


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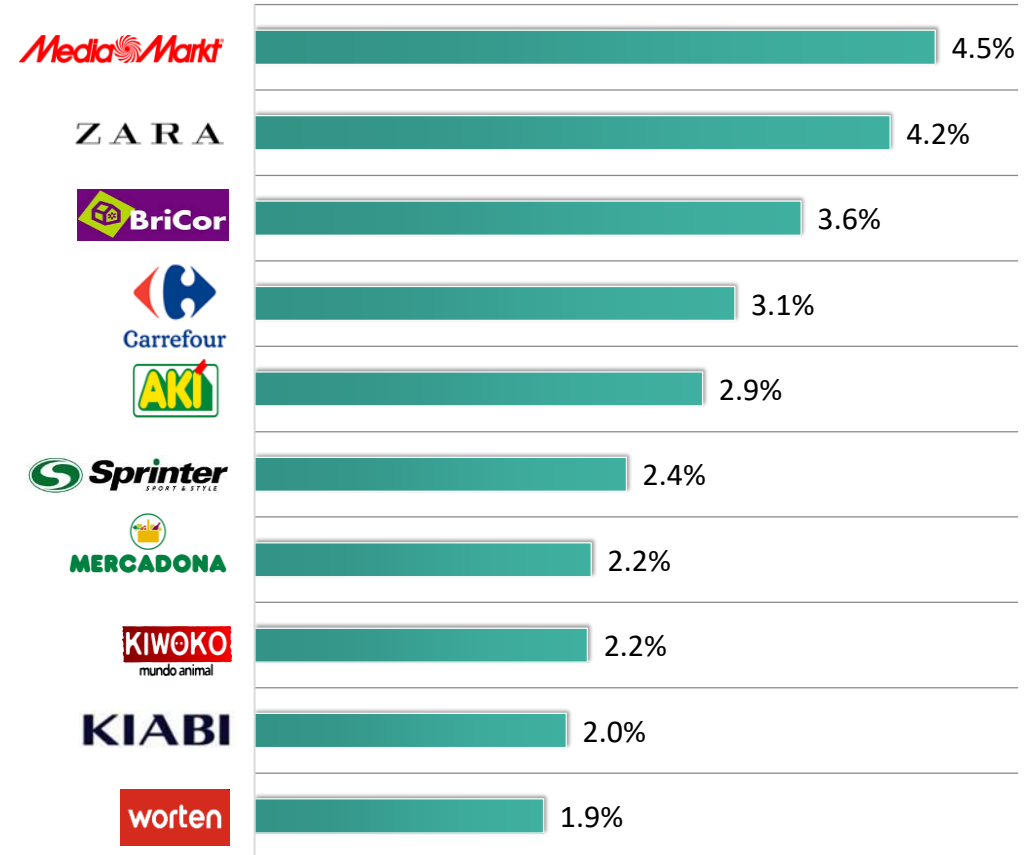
Retail tenant exposure

Low risk with c.90% national and international tenants

Tenant profile - by contractual rent

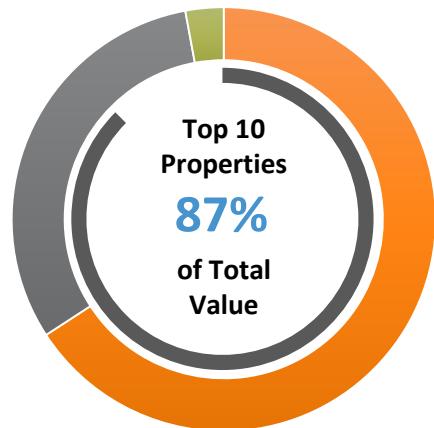


Top 10 tenants by rent



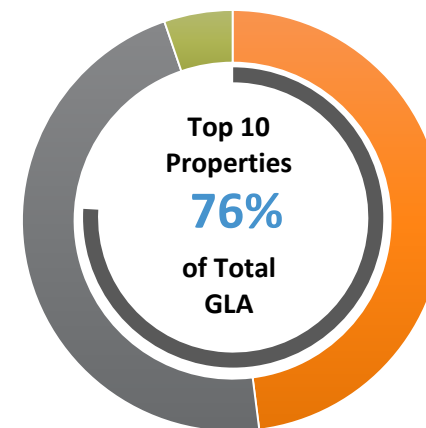
Spanish total portfolio composition

Sectoral Profile - by Value

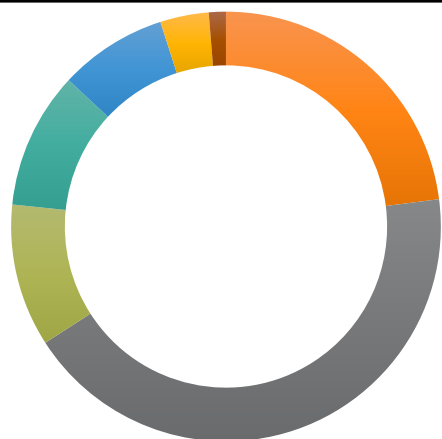


By Value		By GLA	
66%	Shopping Centre	48%	
31%	Retail Park	47%	
3%	Offices	5%	

Sectoral Profile - by GLA



Geographic Profile - by Value



By Value		By GLA	
23%	Extremadura	24%	
43%	Andalucia	40%	
11%	Castilla Leon	11%	
10%	Com. Valenciana	9%	
8%	Madrid	8%	
4%	Asturias	5%	
1%	Murcia	3%	

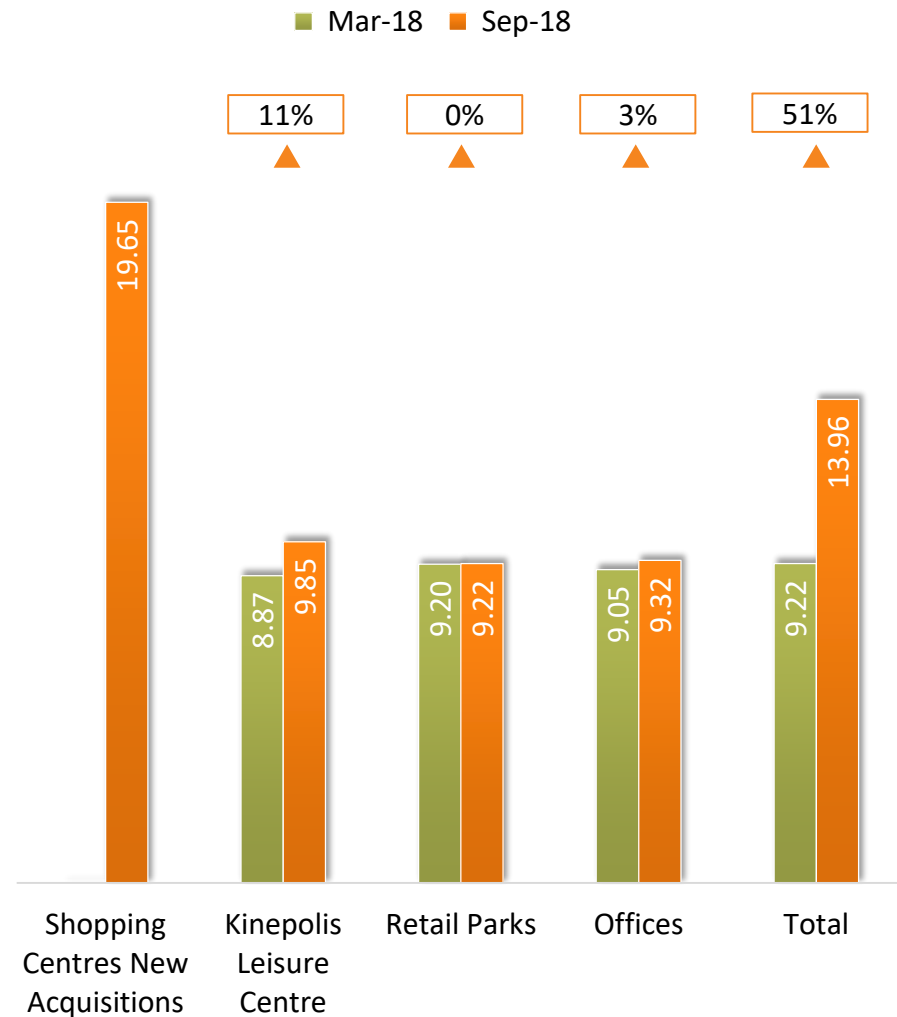
Geographic Profile - by GLA



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Spanish weighted average base rentals - €/m²

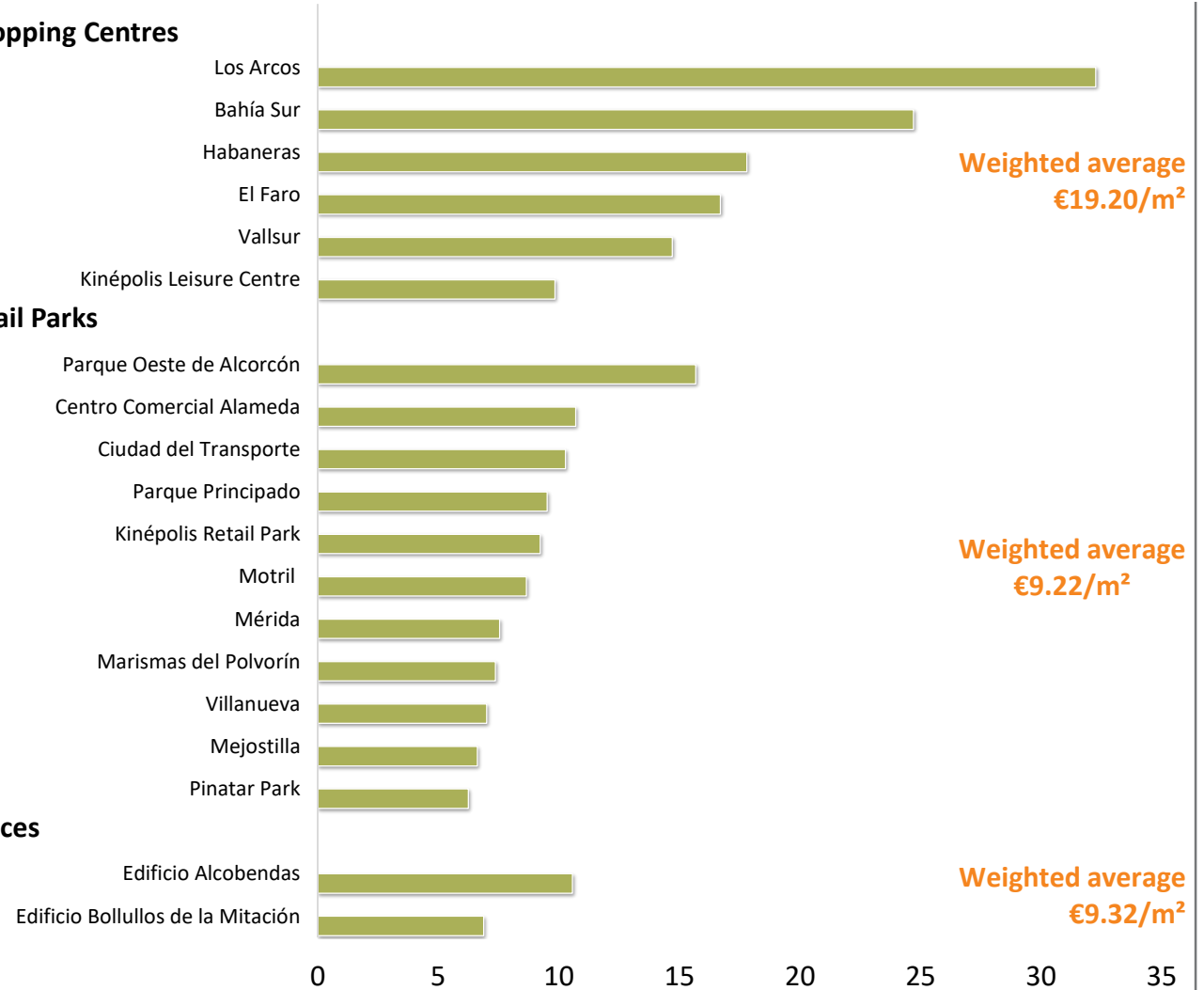
Improved average base rentals post acquisitions



Shopping Centres

Retail Parks

Offices



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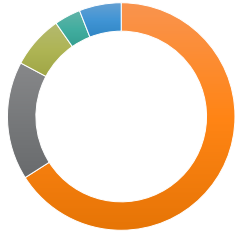
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Financial Results Overview

Group net income analysis

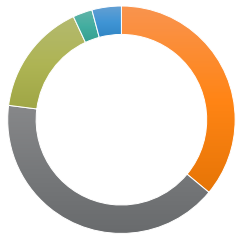
Distributable income of R714mn for H1 FY2019

Income R1 244.7 million



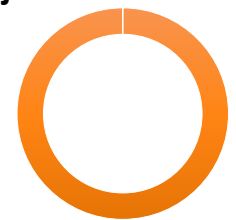
	R'000	%
Rental income	821 269	66.0
Municipal and rates recoveries	209 124	16.8
Investment and other income	93 451	7.5
Net cash flow from cross-currency interest rate swaps	74 334	6.0
Income from associate	46 482	3.7

Expenses R602.0 million



	R'000	%
Property expenses	216 850	36.0
Finance costs	246 810	41.0
Corporate and administrative expenses	96 588	16.0
Non-controlling interest (Morzal, Castellana, Clidet)	25 163	4.2
Taxation	16 594	2.8

Non IFRS adjustments R70.9 million



	R'000	%
Shares issued cum dividend	70 888	100.0

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Debt and foreign exchange policy

A prudent approach to managing risk

- ▶ Internal management policy of a **maximum loan to value** ratio of **40%** with **35% targeted level**
- ▶ Minimum of **75%** of interest bearing debt to be hedged with a minimum **3 year** fixed rate (swap) maturity profile
- ▶ A multi-banked approach across **diversified sources of funding** with no more than **25%** of total interest bearing debt to **mature within any one financial year**
- ▶ **Commercial Paper fully backed** by committed revolving credit facilities
- ▶ Acquisitions of **foreign assets** to be **funded with foreign loans** in the same currency to minimise adverse foreign exchange fluctuations on Vukile's earnings, assets and liabilities
- ▶ On average **70% - 75%** of foreign dividends to be hedged by way of forward exchange contracts over a **3-year to 5-year** period
- ▶ Vukile is a member of the **Debt Issuers Association** ("DIA") and has representation on their executive committee. Vukile abides by the **Debt capital markets – primary issuance guidelines** (November 2017)

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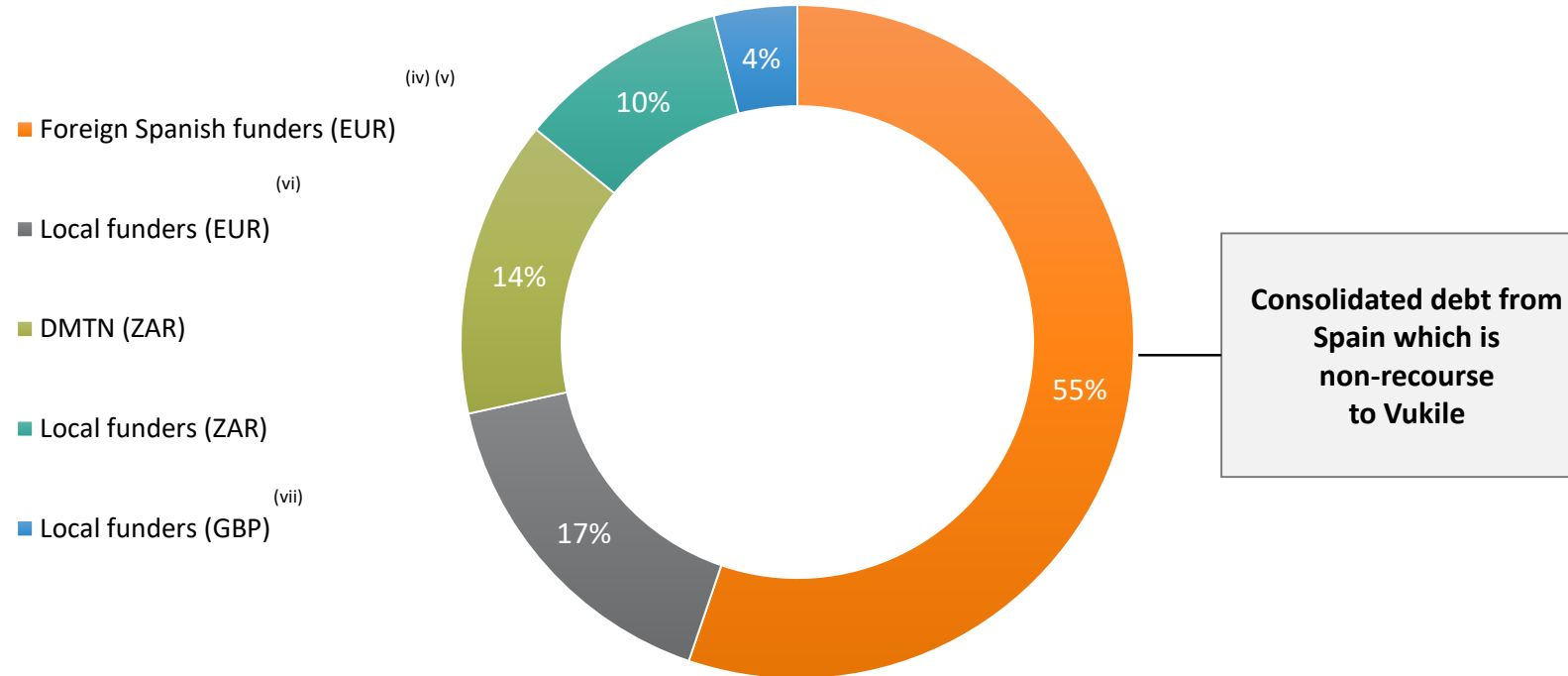
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Sources of funding

R13.2bn of Vukile Group debt from diversified sources of funding

Analysis of Group Debt by Currency

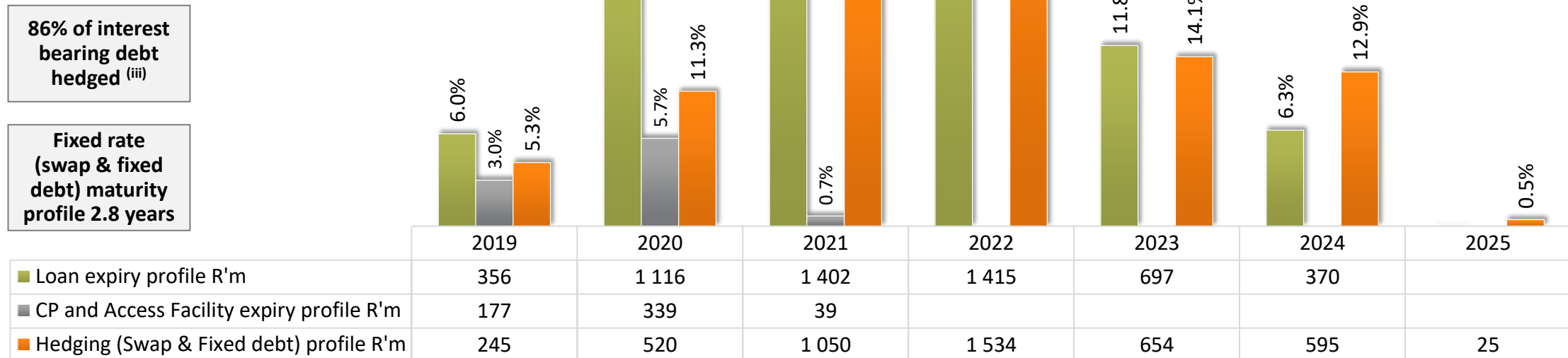


(iv), (v), (vi) and (vii) defined in Appendix C: Notes to Treasury Management Slides

Analysis of Southern African loan repayment and swap expiry profile

Well hedged with low risk expiry profile

Southern African loan and hedging (swap & fixed debt) expiry profile

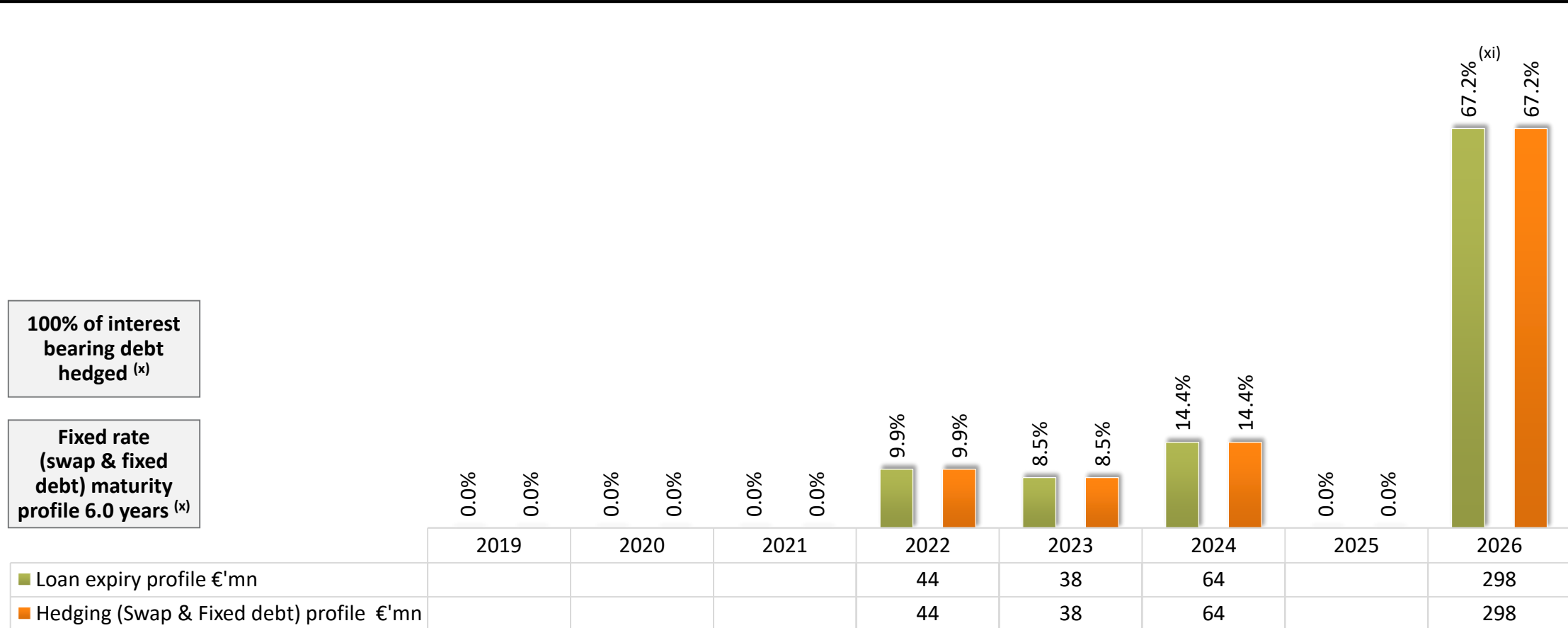


⁽ⁱⁱⁱ⁾ defined in Appendix C: Notes to Treasury Management Slides

Analysis of Spanish loan repayment and swap expiry profile

Low refinance risk over the next six years

Spanish loan and hedging (swap & fixed debt) expiry profile



100% of interest bearing debt hedged ^(x)

Fixed rate (swap & fixed debt) maturity profile 6.0 years ^(x)

^(x) and ^(xi) defined in Appendix C: Notes to Treasury Management Slides

Undrawn facilities

c.R1.5bn of available bank facilities

	Facility Amount R'000	Amount Drawn R'000	Facility Undrawn R'000
ABSA Multicurrency Revolving Credit Facility	R850 000	R300 733	R549 267
Investec Access Facility	R100 000	R38 083	R61 917
Investec Revolving Credit Facility	R100 000	R0	R100 000
Investec EUR Term Loan ZAR Equivalent at EURZAR spot rate of 16.4069 at 30 September 2018	€23 696 R338 770	€15 000 R246 104	€8 696 R142 667
RMB Access	R200 000	R38 980	R161 020
Standard Bank Access ^(xiii)	R80 000	R0	R80 000
Standard Bank EUR Term Loan ^(xiv) ZAR Equivalent at EURZAR spot rate of 16.4069 at 30 September 2018	€22 000 R360 952	€0 R0	€22 000 R360 952
Total	R2 079 722	R623 899	R1 455 823

- ▶ Total **Commercial Paper** issued of **R117mn fully backed** by undrawn facilities of **R1 456mn**
- ▶ Undrawn **access facilities** available for **development pipeline**

(xiii) And (xiv) defined in Appendix C: Notes to Treasury Management Slides

GBP foreign exchange hedging

Maintaining sustainable predictable income while reducing currency volatility

£'000	Nov-18	May-19	Nov-19	May-20	Nov-20
Net GBP dividends forecast ^(xv)	£2 595	£2 434	£2 322	£2 378	£2 434
FEC hedge	(£1 981)	(£2 035)	(£1 996)	(£2 045)	(£2 070)
Fixed GBPZAR rate	18.5923	19.2135	19.9029	20.6072	21.3622
Unhedged GBP income	£ 614	£ 400	£ 326	£ 332	£ 364
Percentage GBP income hedged ^(xvi)	76%	84%	86%	86%	85%

- ▷ To minimise the adverse foreign exchange fluctuations Vukile's target is to hedge on average 75% of foreign dividends over a 3-year to 5-year period
- ▷ **83.3%** of forecast **Net GBP income** from Atlantic Leaf is hedged over the next **3 years** (next 5 dividend payments)

^(xv) and ^(xvi) defined in Appendix C: Notes to treasury management slides

EUR foreign exchange hedging

Maintaining sustainable predictable income while reducing currency volatility

€'000	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Net EUR dividends forecast ^(xvii)	€4 294	€6 853	€6 986	€7 149	€7 115	€7 283	€8 762	€8 933	€10 134	€10 309
FEC hedge	(€3 209)	(€4 884)	(€5 375)	(€5 289)	(€5 495)	(€5 508)	(€4 600)	(€4 600)	(€4 600)	(€4 600)
Fixed EURZAR rate	16.4265	17.1270	17.7734	18.4981	18.5148	19.4321	20.6629	21.5255	22.4193	23.3412
Unhedged EUR income	€1 085	€1 969	€1 611	€1 860	€1 620	€1 775	€4 162	€4 333	€5 534	€5 709
Percentage EUR income hedged ^(xviii)	75%	71%	77%	74%	77%	76%	53%	51%	45%	45%

- ▷ To minimise the adverse foreign exchange fluctuations Vukile's target is to hedge on average 75% of foreign dividends over a 3-year to 5-year period
- ▷ **75.0%** of forecast **Net EUR income** from Spain is hedged over the next **3 years** (next 6 dividend payments)

^(xvii) and ^(xviii) defined in Appendix C: Notes to treasury management slides

Cross Currency Interest Rate Swap Exposure

Prudent currency management

	EUR Nominal €'000	ZAR Nominal R'000	EURZAR Initial Rate	EUR Fixed Rate over Term	ZAR Average Rate over Term	Maturity
Nedbank CCIRS June 2018 (€93.2mn)	€93 200	R1 346 240	14.4446	1.90%	8.81%	14/06/2021
Nedbank CCIRS June 2018 (€23.8mn)	€23 800	R360 380	15.1420	1.29%	8.81%	14/06/2021
ABSA CCIRS July 2018 (€40.0mn)	€40 000	R629 860	15.7465	3.70%	11.88%	13/06/2022
Investec CCIRS July 2018 (€25.5mn)	€25 500	R401 370	15.7400	3.72%	11.88%	13/06/2022
Total	€182 500	R2 737 850				

- ▶ Cross Currency Interest Rate Swaps (“**CCIRS**”) have the ability to both hedge foreign exchange fluctuations on Vukile’s earnings and asset exposure. To minimize the impact of unexpected risks at the maturity of the CCIRS, Vukile has chosen to limit the utilisation of CCIRS to **45%** of the **total value of international investments**
- ▶ The **CCIRS** ratio to **total value of international investments** (on a consolidated basis) is **34.5%**

Overview of DMTN Secured Property Portfolio (Group 1 Notes)

Quality Secured Portfolio

- ▷ Property Value **R2 590mn**
- ▷ **6** Properties
- ▷ GLA **153 500m²**
- ▷ Average property value **R432mn**
- ▷ **97%** Retail by market value
- ▷ **3.3%** Vacant
- ▷ **44%** of income from top 10 tenants
- ▷ **72%** of space let to national tenants
- ▷ WALE of **4.4 years**
- ▷ Total DMTN Secured Debt **R772mn**
- ▷ DMTN Secured Portfolio LTV **30%**

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Overview of Unsecured Assets

Quality Unsecured Assets

- ▷ Total Unsecured Assets **R4 200mn**
(forecast to increase to **R7 233mn**) ^(xix)
- ▷ Property value **R3 419mn**
- ▷ **18** Properties
- ▷ GLA **240 714m²**
- ▷ Average asset value **R190mn**
- ▷ **90%** Retail by market value
- ▷ **3.7%** Vacant
- ▷ **47%** of income from top 10 tenants
- ▷ **72%** of space let to national tenants
- ▷ WALE of **3.2 years**
- ▷ Total Unsecured Debt **R1 219mn** ^(xx)
- ▷ Unsecured Debt to Unsecured Assets ratio **29%**
(forecast to reduce to **17%**)

(xix) and (xx) defined in Appendix C: Notes to treasury management slides

Corporate Bond and Commercial Paper Issuances

Balance of secured and unsecured debt

Corporate Bonds	Security	Amount	Reference Rate	Margin	Maturity Date	Initial Term
VKE07	Secured	R200mn	3M JIBAR	1.65%	08/06/2020	5.1 years
VKE08	Unsecured	R110mn	3M JIBAR	1.80%	29/03/2019	3.0 years
VKE09	Secured	R378mn	3M JIBAR	1.64%	08/07/2020	3.2 years
VKE10	Secured	R194mn	3M JIBAR	1.80%	08/07/2022	5.2 years
VKE11	Unsecured	R175mn	3M JIBAR	1.75%	20/04/2023	5.0 years
VKE12	Unsecured	R150mn	3M JIBAR	1.60%	03/05/2021	3.0 years
VKE13	Unsecured	R305mn	3M JIBAR	1.55%	27/08/2021	3.0 years
VKE14	Unsecured	R195mn	3M JIBAR	1.65%	27/08/2023	5.0 years
Commercial Paper	Security	Amount	Reference Rate	Margin	Maturity Date	Initial Term
VKC24	Unsecured	R100mn	3M JIBAR	1.10%	20/02/2019	1.0 years
VKC27 ^(xxi)	Unsecured	R77mn	3M JIBAR	0.50%	05/12/2018	0.2 years
Unsecured Debt Summary ^(xx)	Security	Amount				
Corporate Bonds	Unsecured	R935mn				
Commercial Paper	Unsecured	R177mn				
Bank Debt	Unsecured	c. R107mn				
Total Unsecured		R1 219mn				

^(xx) and ^(xxi) defined in Appendix C: Notes to treasury management slides

Notes to Treasury Management Slides

Aligned with industry best standards

- (i) Loan-to-Value ratio calculated as a ratio of actual interest-bearing debt owing less cash and cash equivalents (excluding tenant deposits & restricted cash) divided by the sum of (i) the amount of the most recent Director's Valuation of all the Properties in the Vukile Group Property Portfolio, on a consolidated basis and (ii) the market value of equity investments.*
- (ii) Gearing ratio calculated as a ratio of interest bearing debt on a consolidated IFRS basis divided by total assets.*
- (iii) Excluding access facilities and Commercial paper.*
- (iv) Morzal EUR Debt comprises €256.0mn converted at the EURZAR spot rate of 16.4069 at 30 September 2018, which is non-recourse to Vukile.*
- (v) Castellana EUR Debt comprises c. €188.3mn converted at the EURZAR spot rate of 16.4069 at 30 September 2018, which is non-recourse to Vukile.*
- (vi) Vukile EUR debt comprises to c. €131.7mn converted at the EURZAR spot rate of 16.4069 at 30 September 2018.*
- (vii) Vukile GBP debt comprises £28.7mn converted at the GBPZAR spot rate of 18.4125 at 30 September 2018.*
- (viii) Historic rates are based on actual interest costs including hedging and amortised transaction costs divided by the average debt over the respective period.*
- (ix) Forecast rates are based on assuming R160mn of new ZAR debt utilised in December 2018 with assumptions for current debt and swaps expiring during the forecast period. Although, debt costs are forecast to increase in each respective currency in FY2019 compared with FY2018, the overall cost is expected to reduce from 5.74% to 4.52% in FY2019 as a larger percentage of debt will be in foreign currency over the full period in FY2019 compared to only being held for a portion of FY2018.*
- (x) c. €42.3mn of debt with Aareal related to Habaneras is fixed (and has been included in the interest bearing debt hedged ratio and fixed rate maturity profile). €256mn of debt with Aareal related to Morzal is initially floating for 3 months which then must be fixed for 5 years. The loan is considered fixed and has been included in the interest bearing debt hedged ratio and fixed rate maturity profile (as the agreement stipulates that it will become fixed).*
- (xi) More than 25% of debt will mature in FY2026, this debt relates to c. €42.3mn of debt with Aareal related to Habaneras and €256mn of debt with Aareal related to Morzal. The intention is that as the debt reaches maturity, Castellana's overall debt will increase and as a percentage this debt will be less than 25% of total debt at that point in time.*
- (xii) Interest Cover Ratio calculated using 12 month forecast of EBITDA, corporate costs and interest cost. Forecasts are an estimate and will differ from actual amounts because of normal differences between forecasting assumptions vs. actuals.*
- (xiii) Standard Bank access required to be repaid to as part of the Standard Bank EUR term facility agreement. Only once R380mn of direct property is mortgaged to Standard Bank will this facility become available (Standard Bank credit has approved the property to be mortgaged).*
- (xiv) Standard Bank EUR term loan facility to become available c. July 2019.*

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Notes to Treasury Management Slides (continued)

Aligned with industry best standards

- (xv) Net forecast dividend after deducting interest costs on Vukile GBP debt. Forecast dividends are an estimate and will differ from actual dividends because of normal differences between forecasting assumptions vs. actual earnings.
- (xvi) Percentage of GBP income hedged calculated as FEC hedge divided by Net GBP dividend forecast.
- (xvii) Net forecast dividend after deducting interest costs on Vukile EUR debt and CCIRS fixed interest costs. Forecast dividends are an estimate and will differ from actual dividends because of normal differences between forecasting assumptions vs. actual earnings.
- (xviii) Percentage of EUR income hedged calculated as FEC hedge divided by Net EUR dividend forecast.
- (xix) Total unsecured assets to increase after including (i) the acquisition of Kolonnade; (ii) converting Morzal shares into listed Castellana shares; and (iii) the releasing and securing of assets within the bank security pools.
- (xx) Total unsecured debt includes (i) unsecured corporate bond VKE08, VKE11, VKE12, VKE13 and VKE14; (ii) unsecured commercial paper VKC24 and VKC27; and (iii) a €6.5mn Standard Bank unsecured term loan.
- (xxi) R77mn commercial paper issued to Vukile subsidiary in Namibia (eliminated on consolidation).

▷ Note:

- Interest bearing debt adjusted to include R77mn commercial paper issued to Vukile subsidiary in Namibia (eliminated on consolidation) but is included in the LTV ratio calculations.
- MtM of derivatives valued at –R382mn not included in interest bearing debt.
- Cash and cash equivalents (excluding tenant deposits & restricted cash) of R516mn.
- Vukile Group Property Portfolio, on a consolidated basis, includes 100% of the consolidated value of Moruleng Mall (Clidet No. 1011 (Pty) Ltd)
- Market value of equity investments consists of Fairvest, Gemgrow and Atlantic Leaf with a value of R2.6bn. Market value of equity investments calculated as the sum of (i) the number of Atlantic Leaf JSE shares (39,887,178) multiplied by their JSE share price (R17.50); (ii) the number of Atlantic Leaf SEM shares (26,071,428) multiplied by their SEM share price (£1.05) and converted at the GBPZAR exchange rate (18.4125) (iii) the number of Fairvest shares (270,394,812) multiplied by their share price (R2.30); (iv) the number of Gemgrow A shares (4,691,084) multiplied by their share price (R9.45); and (v) the number of Gemgrow B shares (114,438,564) multiplied by their share price (R6.30), at 30 September 2018.
- External Valuation Loan-to-Value ratio is 41.3% and is calculated as a ratio of interest bearing debt divided by the sum of (i) the amount of the most recent External Valuation of all the Properties in the Vukile Group Property Portfolio, on a consolidated basis and (ii) the market value of equity investments.